

# **HUMAN SERVICES CASELOAD FORECASTS**

ADOPTED NOVEMBER 12, 2003



**STATE OF WASHINGTON • CASELOAD FORECAST COUNCIL  
DECEMBER 2003**

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*PREPARED BY THE CASELOAD FORECAST COUNCIL*

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# Human Services Caseload Forecasts

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# ACRONYMS

|        |  |
|--------|--|
| AASA   | Aging and Adult Services Administration                            |
| ADATSA | Alcohol and Drug Addiction Treatment Support Act                   |
| AFH    | Adult Family Home  |
| ARC    | Adult Residential Care   |
| ARIMA  | Autoregressive Integrated Moving Average model                     |
| BRS    | Behavioral Rehabilitation Services                                 |
| CAMIS  | Case Management Information System                                 |
| CAP    | Community Alternatives Program                                     |
| CARD   | Caseload Analysis and Reporting Database                           |
| CFC    | Caseload Forecast Council  |
| COPEs  | Community Options Program Entry System                             |
| DDD    | Division of Developmental Disabilities                             |
| DSHS   | Department of Social and Health Services                           |
| EMIS   | Executive Management Information System                            |
| ESA    | Economic Services Administration                                   |
| FPL    | Federal Poverty Level  |
| FTE    | Full-time Equivalent   |
| FY     | Fiscal Year  |
| GA-U   | General Assistance Unemployable                                    |
| GA-X   | General Assistance Unemployable with Expedited Medicaid Disability |
| IER    | Incurred Expense Report  |
| IPP    | Individual Provider Program  |
| LEAP   | Legislative Evaluation and Accountability Program Committee        |
| MAA    | Medical Assistance Administration                                  |
| MI     | Medically Indigent   |
| MMIS   | Medicaid Management Information System                             |
| MPC    | Medicaid Personal Care   |
| OFM    | Office of Financial Management                                     |
| OFPA   | Office of Forecasting and Policy Analysis                          |
| QMB    | Qualified Medicare Beneficiary                                     |
| SCHIP  | State Children's Health Insurance Program                          |
| SFA    | State Family Assistance  |
| SSPS   | Social Services Payment System                                     |
| TANF   | Temporary Assistance for Needy Families                            |
| VA     | Veteran's Affairs  |



# **PREFACE - THE CASELOAD FORECAST PROCESS**

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The Caseload Forecast Council was established by the Washington State Legislature in 1997 (Substitute Senate Bill 5472) and was charged with forecasting the entitlement caseloads for the State of Washington. An entitlement caseload is defined as “. . . the number of persons expected to meet entitlement requirements and require the services of public assistance programs, state correctional institutions, state correctional noninstitutional supervision, state institutions for juvenile offenders, the common school system, long-term care, medical assistance, foster care, and adoption support” (RCW 43.88C.010(7)). By law, forecasts adopted by the Caseload Forecast Council “. . . shall be the basis of the governor’s budget document as provided in RCW 43.88.030 and utilized by the legislature in the development of the omnibus biennial appropriations act” (RCW 43.88C.020(5)).

The Caseload Forecast Council consists of six members: two appointed by the Governor and four appointed by the chairperson of each of the two largest political caucuses in the Senate and House of Representatives. The Council meets at least three times a year to adopt official forecasts. The Human Services caseload forecasts were adopted by the Caseload Forecast Council on November 12, 2003. These forecasts are the responsibility of the Caseload Supervisor and the Caseload Forecast Council.

## **THE WORKGROUP PROCESS**

The Caseload Forecast Council (CFC) is committed to facilitating the free flow of information and legislative and executive input into the forecasting process. To accomplish this, technical workgroups have been established. These technical workgroups consist of staff from the CFC, the Office of Financial Management (OFM), legislative fiscal and policy committees, and (depending on the specific forecast) staff from the Department of Social and Health Services (DSHS), Department of Corrections, Superintendent of Public Instruction, and anyone else interested in participating.

The technical workgroups meet frequently to provide an arena in which to attempt consensus on all aspects of the forecast process. All substantive decisions regarding the caseload forecasts are discussed at the workgroup meetings. Such decisions include (but are not limited to):

- Assumptions underlying each forecast.
- The specific model and the time period for evaluation, and
- Incorporation of policy changes into the forecast.

The caseload forecasts developed through the technical workgroup process are presented to a formal, statutory workgroup that meets one to two weeks prior to each Council meeting. This formal workgroup is defined in RCW 43.88C.030(2), and consists of one senior staff member or agency head from OFM, Senate Ways and Means Committee, House Appropriations Committee, LEAP, DSHS, Department of Corrections, and the Superintendent of Public Instruction.



# **EXECUTIVE SUMMARY**

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This report summarizes the caseload forecasts that were reviewed through the technical workgroup process and approved by the Caseload Forecast Council in November 2003. Comparisons are made to the “February 2003 forecast,” which was the most current forecast approved by the CFC in February 2003 and was used as the basis of the 2003 Supplemental Budget. The actual budget may incorporate adjustments to this forecast to reflect legislation and policy decisions made by the Legislature subsequent to the development of the forecast. References are also made to the “November 2002 forecast” to facilitate comparisons between the forecasts for each annual update of this publication.

The human services forecasts for which the Caseload Forecast Council is responsible span five program areas: Economic Services Administration, Long Term Care, Division of Developmental Disabilities, Children’s Administration, and Medical Assistance Administration. Below are summaries of the November 2003 forecasts for each of the five program areas.

## **ECONOMIC SERVICES ADMINISTRATION**

The November 2003 forecast for General Assistance Unemployable (GA-U) and General Assistance Unemployable with Expedited Medicaid Disability (GA-X) estimates an average monthly caseload of 21,000 for FY2004, which is 13 percent higher than the February 2003 and November 2002 forecasts. The November 2003 forecast is higher due to a reversal of a downward trend starting in the fall of 2002. Prior forecasts assumed that departmental efforts to manage the caseload would lead to further reductions through September 2003, but the caseload began to grow a year earlier than anticipated by the technical workgroup.

The November 2003 forecast projects the caseload to grow by 7.7 percent from FY2003 to FY2004 and by 4.1 percent from FY2004 to FY2005. The lower growth from FY2004 to FY2005 is due to the GA-U Proof of Disability policy change, which took effect in September 2003 and placed responsibility on the client to prove his or her incapacity in order to continue to receive benefits.

## **LONG TERM CARE**

The November 2003 Nursing Homes forecast estimates an average monthly caseload of 12,562 for FY2004, which is 0.9 percent lower than both the February 2003 and the November 2002 forecasts. The November 2003 forecast is lower primarily due to policy changes that offset a higher baseline trend. The November 2003 forecast projects the caseload will decline 2.9 percent from FY2003 to FY2004 and 2.7 percent from FY2004 to FY2005.

The November 2003 Home and Community Services forecast estimates an average monthly caseload of 35,138 for FY2004, which is 1.3 percent lower than the February 2003 forecast and 1.4 percent lower than the November 2002 forecast. The November 2003 forecast is lower due to several policy changes. The November 2003 forecast projects the caseload will grow 4.2 percent from FY2003 to FY2004 and 4.0 percent from FY2004 to FY2005.

## **DIVISION OF DEVELOPMENTAL DISABILITIES**

The November 2003 total Medicaid Personal Care (MPC) forecast estimates an average monthly caseload of 11,338 for FY2004, which is 0.7 percent lower than the February 2003 forecast and 4.6 percent lower than the November 2002 forecast. The November 2003 forecast is lower primarily because of a large decrease in the Children's baseline trend from November 2002 to February 2003. The November 2003 forecast projects the caseload will grow 7.0 percent from FY2003 to FY2004 and 5.2 percent from FY2004 to FY2005.

## **CHILDREN'S ADMINISTRATION**

The November 2003 Foster Care total forecast estimates an average monthly caseload of 8,100 for FY2004, which is 1.4 percent lower than the February 2003 and November 2002 forecasts. The caseload is projected to decline slightly for the 2003-05 Biennium due to the Kinship Caregiver policy, which promotes active outreach to locate relative providers and is expected to reduce the caseload by around 2 percent.

The November 2003 Adoption Support forecast projects an average monthly caseload of close to 9,500 for FY2004, which is unchanged from the February 2003 forecast and 2.6 percent lower than the November 2002 forecast. The caseload is expected to grow by an average of around 8 percent per year for the 2003-05 Biennium.

## **MEDICAL ASSISTANCE ADMINISTRATION**

The Medical Assistance Administration (MAA) caseload is the largest of the human services caseloads, with around 880,000 persons estimated to be eligible for services during FY2004. The Medical Assistance caseload forecasts are grouped into three categories: 1) Categorically Needy Adults and Children, 2) Aged, Blind, and Disabled, and 3) Other Programs.

The *Categorically Needy Adults and Children* category includes three programs: Family Medical, Other Children, and Pregnant Women. These programs comprise 75 percent of the total MAA caseload. The November 2003 forecast for Categorically Needy Adults and Children projects an average monthly caseload of around 664,000 for FY2004 and is expected to reach 673,000 by FY2005. The November 2003 forecast is 2.5 percent lower than the February 2003 forecast and 0.3 percent lower than the November 2002 forecast. The caseload is projected to increase by 2.6 percent from FY2003 to FY2004, and by 1.5 percent from FY2004 to FY2005.

The *Aged, Blind, and Disabled* category covers seven programs: Categorically Needy Aged, Medically Needy Aged, Categorically Needy Blind/Disabled, Medically Needy Blind/Disabled, General Assistance-Unemployable, Qualified Medicare Beneficiaries, and the Categorically Needy Medicaid Buy-In program. These programs comprise 24 percent of the total Medical Assistance caseload. The November 2003 forecast for the Aged, Blind, and Disabled programs projects an average monthly caseload of around 211,000 for FY2004, which is 1.1 percent higher than the February 2003 forecast and 0.8 percent higher than the November 2002 forecast. The November 2003 forecast projects the caseload to grow by 4.0 percent between FY2003 and FY 2004 and by 3.5 percent between FY2004 and FY2005.

The *Other Programs* category consists of two non-Medicaid programs: Alcoholism & Drug Addiction Treatment Support Act (ADATSA) and Refugees. These two caseloads comprise 1

percent of the total Medical Assistance caseload. The November 2003 forecast for Other Programs estimates an average monthly caseload of around 4,000 for FY2004, which is 53 percent lower than both the February 2003 and November 2002 forecasts due to the elimination of the Medically Indigent (MI) program in July 2003. The November 2003 forecast projects an annual growth rate of 1.8 percent through the end of the 2003-05 Biennium.

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## **SECTION I**

# **FORECAST METHOD**

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This section briefly overviews the technical components of the forecast process. The technical aspects include three main components or phases: data adjustment, baseline trend, and program adjustments.

### **DATA ADJUSTMENT**

Before the forecast is produced, some of the historical data must be adjusted or corrected in order to prepare the data for incorporation into the models that are used to project the forecast. This entails data completion for some data that are subject to a lag time in the billing or eligibility process, and other adjustments, such as removing outliers and fixing any identified data problems that may be present in the historical data.

The data completion process, called lag adjustment, is necessary because recent historical data is often under-reported. This can be caused by a number of factors: service providers have a number of months to submit their billings, claims processing can be affected by workload issues, and eligibility can often be determined retroactively. The lag adjustment process is essentially a forecast of the completed data, based on an analysis of the data as they become more complete from month to month. The same lag adjustment methodology is applied to all of the caseload forecasts that require a data completion process. The data presented in the tables and figures of this report are the data as they appeared at the time the forecasts were produced.

### **BASELINE TREND**

The baseline trend refers to the forecast based on the historical caseload trend, that does not incorporate any policy changes that might affect the caseload. Most of the baseline trends are produced using time series methods, such as exponential smoothing or ARIMA modeling. Program adjustments are added to the baseline trend in cases where a program or policy change is documented and quantifiable.

### **PROGRAM ADJUSTMENTS**

Adjustments to the baseline trend are made in order to estimate the effect of policy changes that are not fully reflected in the historical data. Such program adjustments are documented, discussed, and reviewed by the technical workgroup before they are incorporated into the forecast. Program adjustments that are considered in the forecast process are those which are expected to affect the caseload at any time during the forecast period and do not require future legislative action to implement. The program adjustments that were incorporated into the November 2003 human services forecasts are explained in detail in the relevant program sections of this report.





## **SECTION II**

# **ECONOMIC SERVICES ADMINISTRATION**

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The Economic Services Administration (ESA) provides work preparation and support services, social services, public assistance grants, and child support services. The CFC forecasts the General Assistance caseload for the Economic Services Administration.

### **GENERAL ASSISTANCE**

General Assistance is the term used for a subset of state-funded programs for low-income persons. There are two programs in the General Assistance category: General Assistance Unemployable (GA-U) and General Assistance Unemployable with Expedited Medicaid Disability (GA-X).

The General Assistance U and X programs provide cash assistance to adults who are determined unable to work for at least 90 days due to a mental or physical condition excluding substance abuse dependency. GA-X is for those who are presumed to be eligible for Supplemental Security Income (SSI) due to a permanent disability.

### **PROGRAM ADJUSTMENTS**

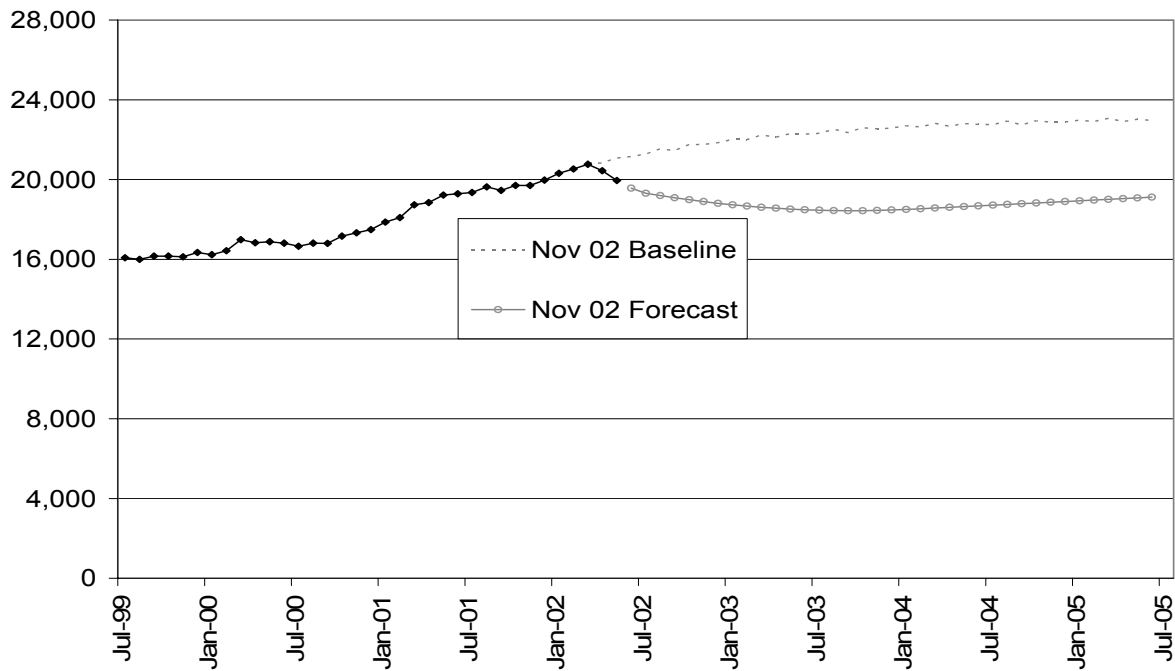
The General Assistance November 2003 forecast includes a program adjustment for the GA-U Proof of Disability policy change enacted in the 2003-2005 budget. This policy shifts the burden of proof to clients to demonstrate their medical or mental incapacity in order to continue to receive benefits, and is expected to reduce the GA-U,X caseload by 1,156 or 5 percent for FY2005.

The November 2003 forecast estimates an average monthly caseload of 21,000 for FY2004, which is 13.4 percent higher than the February 2003 forecast for FY2004. The February 2003 forecast was unchanged from the November 2002 Forecast.

The November 2003 forecast is higher due to a reversal of a downward trend starting in the fall of 2002. Prior forecasts assumed that departmental efforts to manage the caseload would lead to further reductions through September 2003, but the caseload began to grow a year earlier than anticipated by the technical workgroup.

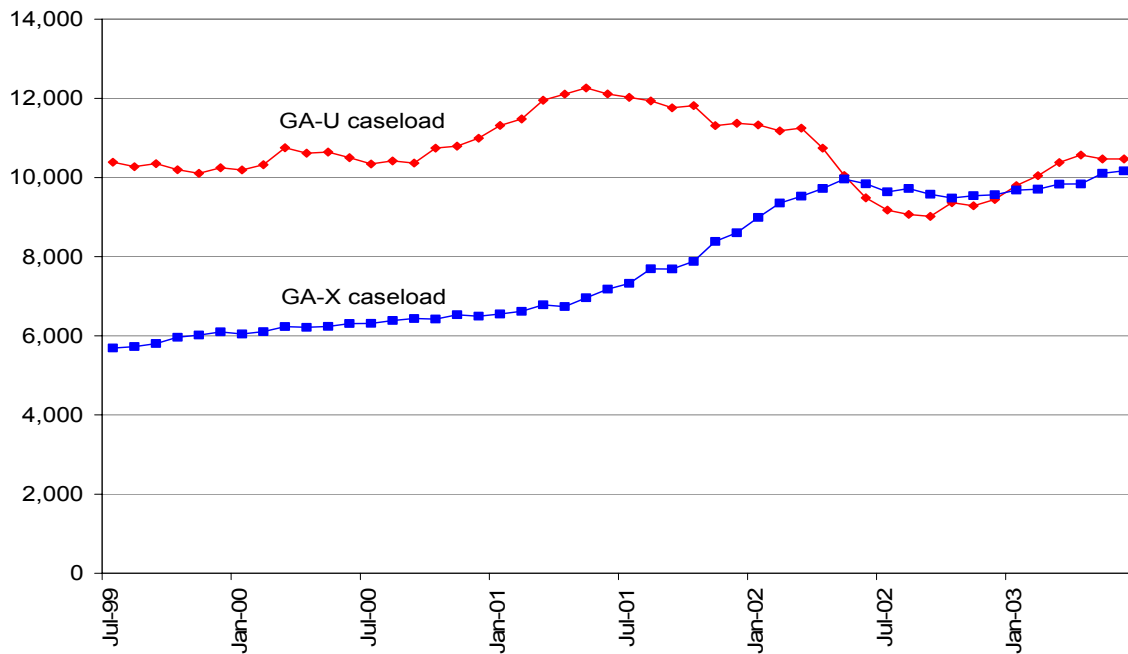
The November 2002 forecast included a program adjustment from the 2002 Supplemental budget directing the department to achieve savings in the General Assistance caseload. The difference between the November 2002 baseline trend and forecast shown in Figure 1 illustrates the magnitude of the program adjustment, which was a reduction of 4,000 cases or 17 percent for FY2005.

**Figure 1. GA-U,X November 2002 Forecast**



During FY2002, the Economic Services Administration focused on more efficient administration of the General Assistance program, which resulted in reductions in the average length-of-stay on GA-U, and improved facilitation from GA-U to GA-X. One goal of the effort was to reach a 50/50 split of the caseload between GA-U and GA-X. Figure 2 shows that this split was achieved in May 2002, and for the first time in history the GA-X caseload had surpassed the GA-U caseload.

**Figure 2. General Assistance U and X - Separate Trends**



The February 2003 forecast was unchanged from the November 2002 forecast because six additional months of data were tracking right on the November 2002 forecast, as shown in Figure 3.

**Figure 3. GA-U,X February 2003 Forecast**

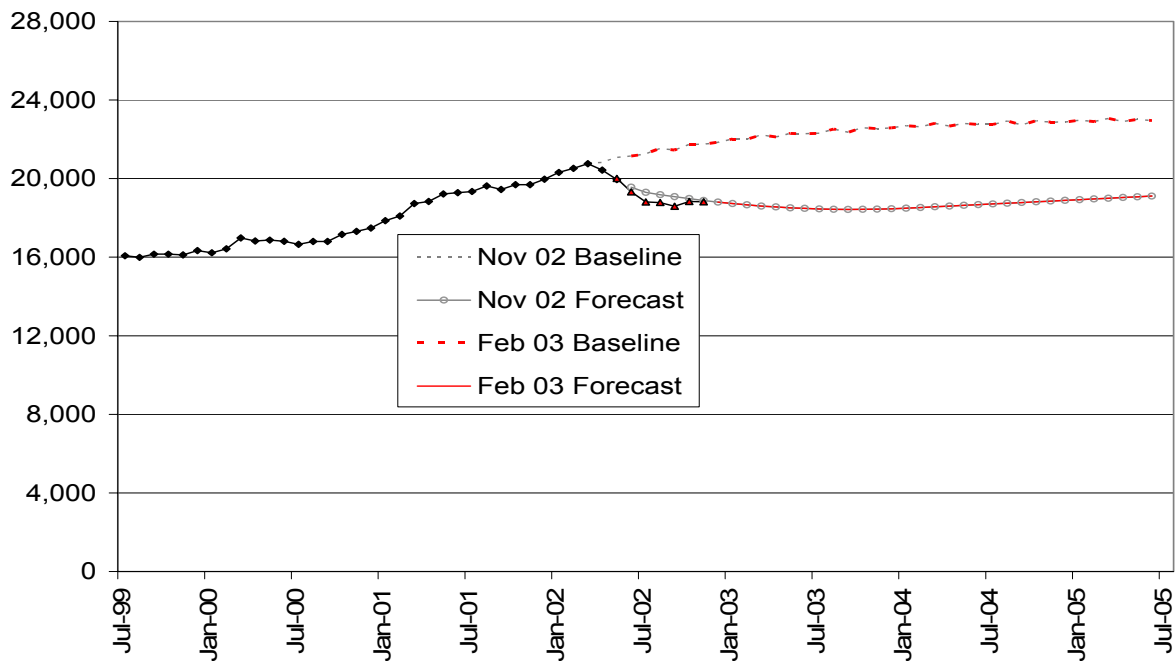
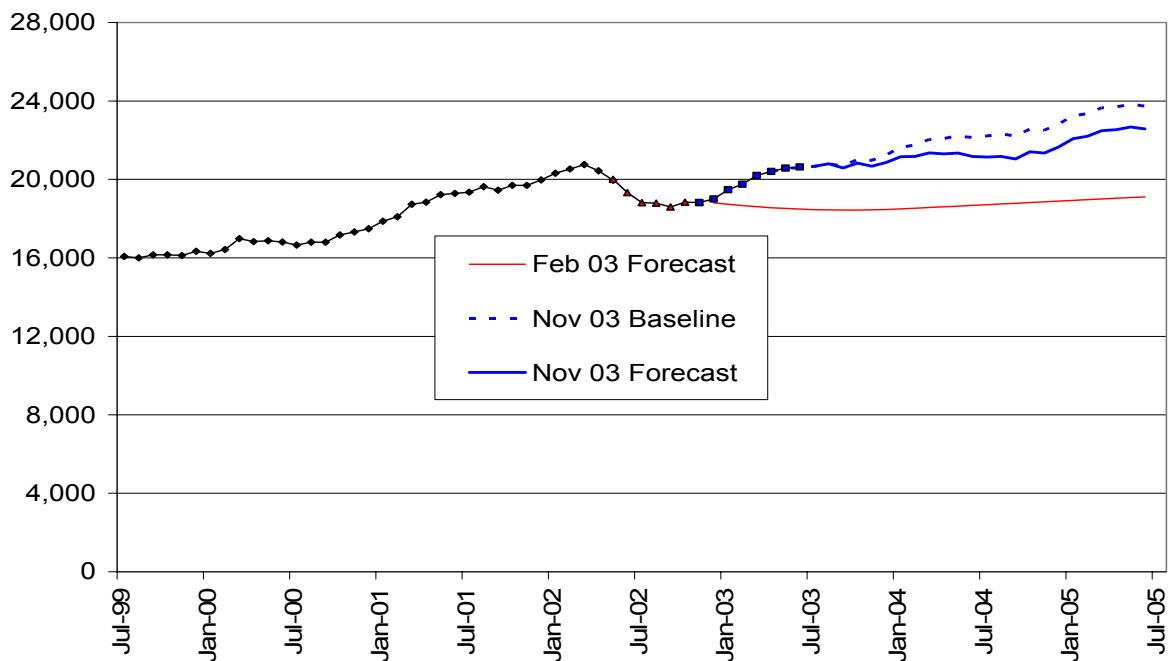


Figure 4 below compares the November 2003 baseline trend and forecast to the February 2003 forecast. Soon after the February 2003 forecast was produced, the caseload reversed its downward trend and began growing at a rate similar to the growth prior to the GA-U caseload reduction efforts.

The November 2003 baseline trend is a time series model that uses General Assistance applications as an explanatory variable. GA applications represent a measurement of potential entries into the program that are not subject to program or policy changes. Using GA applications as a driver implicitly assumes a constant application approval rate, and the approval rate for GA applications has remained fairly constant at 35 percent for FY2003.

**Figure 4. GA-U,X November 2003 Forecast**



The difference between the November 2003 baseline trend and forecast is the program adjustment for the GA Proof of Disability policy change (see *Program Adjustments* section for more detail). The caseload is expected to grow by 7.7 percent from FY 2003 to FY2004, then as a result of the GA Proof of Disability policy change, the growth slows down to 4.1 percent from FY2004 to FY2005.

**Table 1. General Assistance - U and X**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2000                   | 16,416                                  |               |                           |
|                 | 2001                   | 17,856                                  | 1,440         | 8.8%                      |
|                 | 2002                   | 19,934                                  | 2,078         | 11.6%                     |
|                 | 2003                   | 19,493                                  | -441          | -2.2%                     |
| <i>Forecast</i> | 2004                   | 20,992                                  | 1,499         | 7.7%                      |
|                 | 2005                   | 21,858                                  | 866           | 4.1%                      |

**SOURCE DATA**

The data for the General Assistance forecasts come from the Caseload Analysis and Reporting Database (CARD) from July 1999 through the present. Actuals are cases, defined as units of one or more related individuals whose needs are covered by a single money grant, service or vendor payment. The General Assistance programs usually have one client per case.



## SECTION III

# LONG TERM CARE

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The Long Term Care program provides a broad range of health services to adults living in community-based residential settings, their own homes, and in nursing facilities. Long Term Care services are administered by Aging and Adult Services (AASA). The forecasted caseloads for Aging and Adult Services include:

- Nursing Homes
- Home and Community Services

### **PROGRAM ADJUSTMENTS**

The program adjustments incorporated into the Long Term Care forecasts include the Medically Needy Waiver, Spousal Assets Limit, COPES Waiver Limit, MPC Level of Care, and the Expanding Community Services initiative. Home and Community Services forecasts are affected by all five adjustments while Nursing Homes is impacted by only the Medically Needy Waiver, Spousal Assets Limit, and the Expanding Community Services initiative.

#### Medically Needy Waiver

The Medically Needy Waiver policy change raises the eligibility standard for residential care from the Categorically Needy to the Medically Needy standard, effectively enabling nursing homes clients to move to less restrictive, residential settings. The waiver will also bring in clients newly eligible to receive residential services. This adjustment is expected to raise the FY2005 Home and Community Services caseload by 1.4 percent while reducing Nursing Homes by 2.0 percent.

#### Spousal Assets Limit

The Spousal Assets Limit policy change reduces the amount of cash, savings, and other liquid assets which a couple may retain and still qualify for publicly-funded long-term care. This adjustment is expected to reduce the FY2005 Home and Community Services caseload by 0.4 percent and Nursing Homes by 1.0 percent.

#### COPES Waiver Limit

The COPES Waiver Limit policy change limits growth in the COPES caseload to 1.08 percent per year. This adjustment is expected to reduce the FY2005 Home and Community Services caseload by 1.8 percent.

#### MPC Level of Care

The MPC Level of Care policy change raises the eligibility standard to qualify for publicly-funded long-term care. This adjustment is expected to reduce the FY2005 Home and Community Services caseload by 1.5 percent.

#### Expanding Community Services (ECS)

The ECS initiative provides for the development and operation of community support services for long term state hospital Gero-Medical Unit patients who no longer require

active inpatient psychiatric treatment. This adjustment increases the FY2005 Home and Community Services caseload by 0.1 percent and Nursing Homes by 0.2 percent.

## **NURSING HOMES**

The Nursing Homes forecast consists of Medicaid eligible clients who receive care in state licensed nursing facilities. Nursing facilities provide care to eligible persons who require short post-hospital recuperative care, are no longer capable of independent living and require nursing services, or are patients with chronic disabilities needing long-term habilitation and/or medical services. These clients must meet the programmatic and financial eligibility requirements in order to be eligible for nursing facility care.

The November 2003 Nursing Homes forecast estimates an average monthly caseload of 12,562 for FY2004, which is 0.9 percent lower than both the February 2003 and the November 2002 forecasts. The November 2003 forecast projects the caseload will decline 2.9 percent from FY2003 to FY2004 and 2.7 percent from FY2004 to FY2005.

**Table 2. Nursing Homes Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997                   | 14,992                                  |               |                           |
|                 | 1998                   | 14,645                                  | -347          | -2.3%                     |
|                 | 1999                   | 14,081                                  | -564          | -3.9%                     |
|                 | 2000                   | 13,782                                  | -299          | -2.1%                     |
|                 | 2001                   | 13,518                                  | -264          | -1.9%                     |
|                 | 2002                   | 13,147                                  | -371          | -2.7%                     |
|                 | 2003*                  | 12,933                                  | -214          | -1.6%                     |
| <i>Forecast</i> | 2004                   | 12,562                                  | -371          | -2.9%                     |
|                 | 2005                   | 12,220                                  | -342          | -2.7%                     |

\*Forecasted values for April, May, and June 2003 are used in the calculation of the average caseload for FY2003.

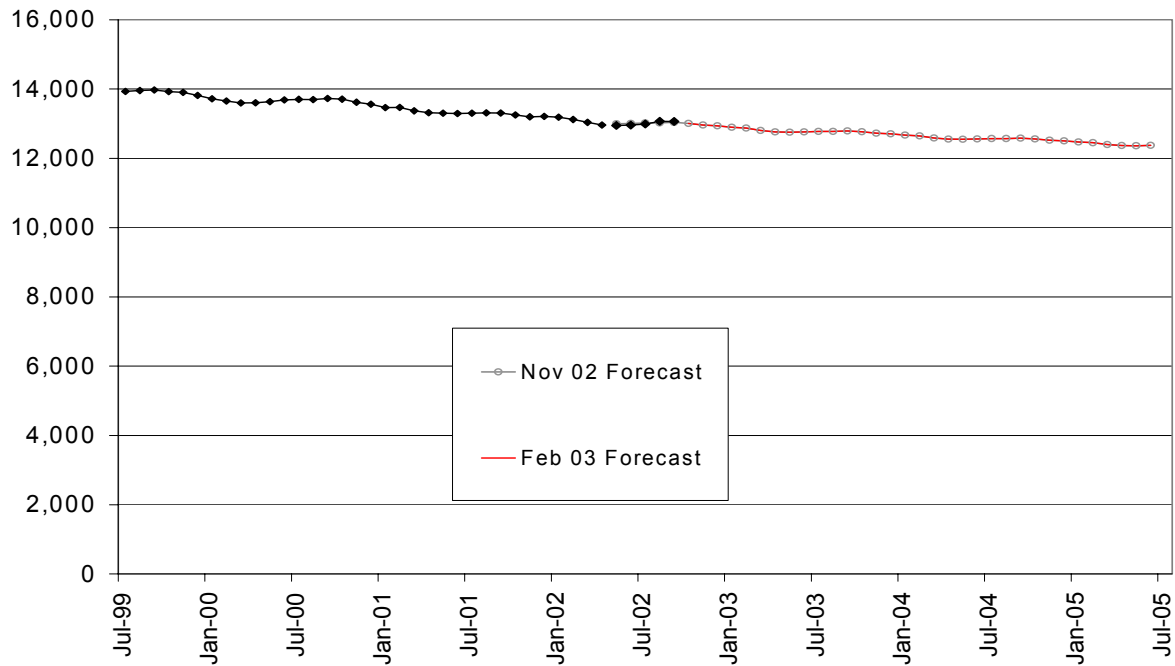
The November 2003 Nursing Homes baseline trend is a seasonal, damped trend exponential smoothing model. The seasonality component accounts for a slower rate of caseload decline in the summer months and a higher rate of decline during the winter holiday season.

As shown in Figure 5, the Nursing Homes February 2003 forecast is unchanged from the November 2002 forecast, while Figure 6 shows that the November 2003 baseline trend is 0.7 percent higher than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload increased 0.7 percent.

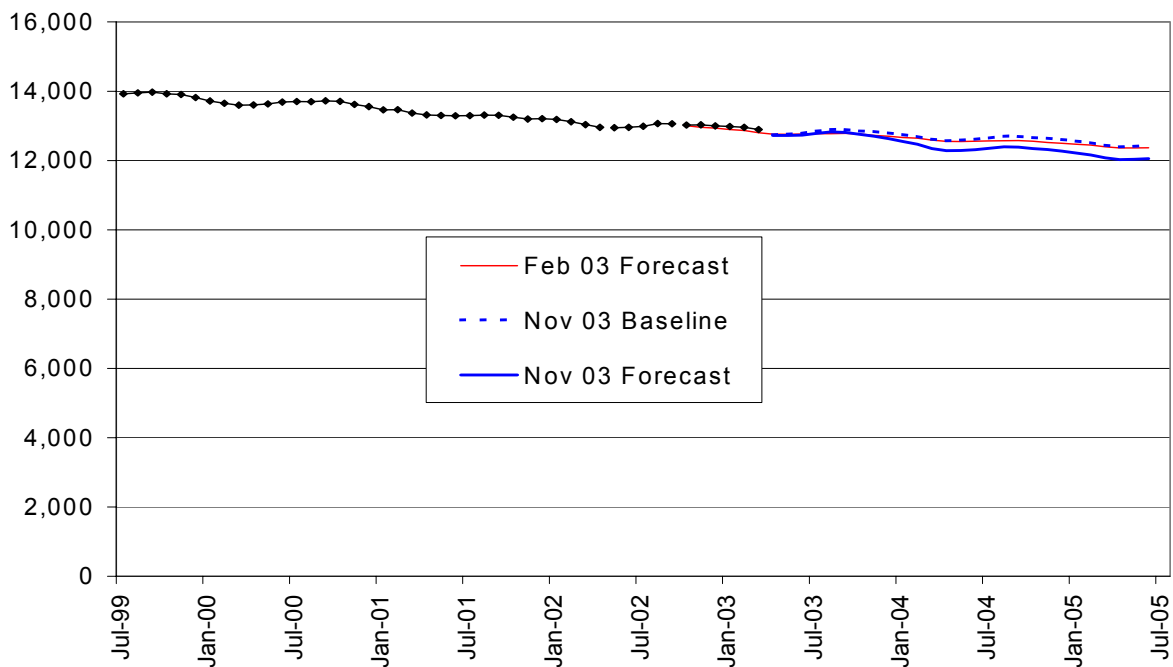


The November 2003 forecast is 2.7 percent lower than the November 2003 baseline for FY2005 after incorporating program adjustments (see *Program Adjustments* section for more detail) that offset a higher baseline trend. Program adjustments yielded a net reduction because decreases by the Medically Needy Waiver and Spousal Assets Limit adjustments exceeded an increase by the ECS adjustment.

**Figure 5. Nursing Homes November 2002 and February 2003 Forecasts**



**Figure 6. Nursing Homes November 2003 Forecast**



#### **SOURCE DATA**

The data for Nursing Homes come from the Medicaid Management Information System (MMIS) as reported by the Executive Management Information System (EMIS). Actuals are full-time equivalents (FTEs), which are calculated by dividing the number of paid patient days by the number of days in the month, and are lag adjusted up to 24 months.<sup>1</sup> Actuals do not include patients in the two Veteran's Affairs (VA) facilities (Soldiers' Home in Orting and Veterans' Home in Retsil).

#### **HOME AND COMMUNITY SERVICES**

Home and Community Services are provided to clients in community-based settings such as their own homes, or in residential placements such as assisted living. Services are provided to clients based on a comprehensive assessment of their needs for assistance in activities of daily living (ADLs), which include bathing, eating, maintaining continence, toileting, and dressing.

The November 2003 Home and Community Services baseline forecast is the sum of three forecasts within In-Home services and four forecasts within Residential services. In-Home services include Individual Provider Program (IPP) services and Agency Provider services provided in the client's home. Residential services are defined as those services provided in community residential settings, including Adult Family Homes, Adult Residential Care, and Assisted Living.

<sup>1</sup> The data completion process, called lag adjustment, is necessary because recent historical data is often under-reported. The lag adjustment process is essentially a forecast of the completed data, based on an analysis of the data as they become more complete from month to month.

The November 2003 Home and Community Services forecast estimates an average monthly caseload of 35,138 for FY2004, which is 1.3 percent lower than the February 2003 forecast and 1.4 percent lower than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 4.2 percent from FY2003 to FY2004 and 4.0 percent from FY2004 to FY2005.

**Table 3. Home and Community Services**

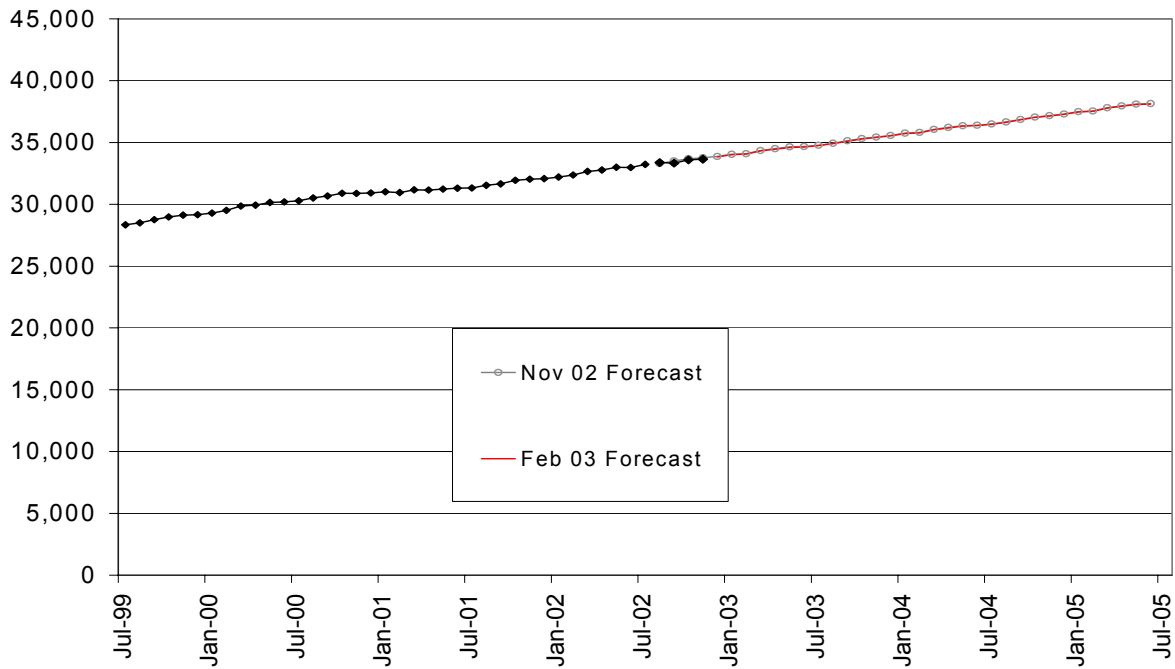
|                 | <i>Fiscal Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|--------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997               | 23,119                                  |               |                           |
|                 | 1998               | 25,675                                  | 2,556         | 11.1%                     |
|                 | 1999               | 27,567                                  | 1,892         | 7.4%                      |
|                 | 2000               | 29,319                                  | 1,752         | 6.4%                      |
|                 | 2001               | 30,919                                  | 1,600         | 5.5%                      |
|                 | 2002               | 32,213                                  | 1,295         | 4.2%                      |
|                 | 2003*              | 33,722                                  | 1,509         | 4.7%                      |
| <i>Forecast</i> | 2004               | 35,138                                  | 1,416         | 4.2%                      |
|                 | 2005               | 36,535                                  | 1,396         | 4.0%                      |

\*A forecasted value for June 2003 is used in the calculation of the average actual caseload for FY2003.

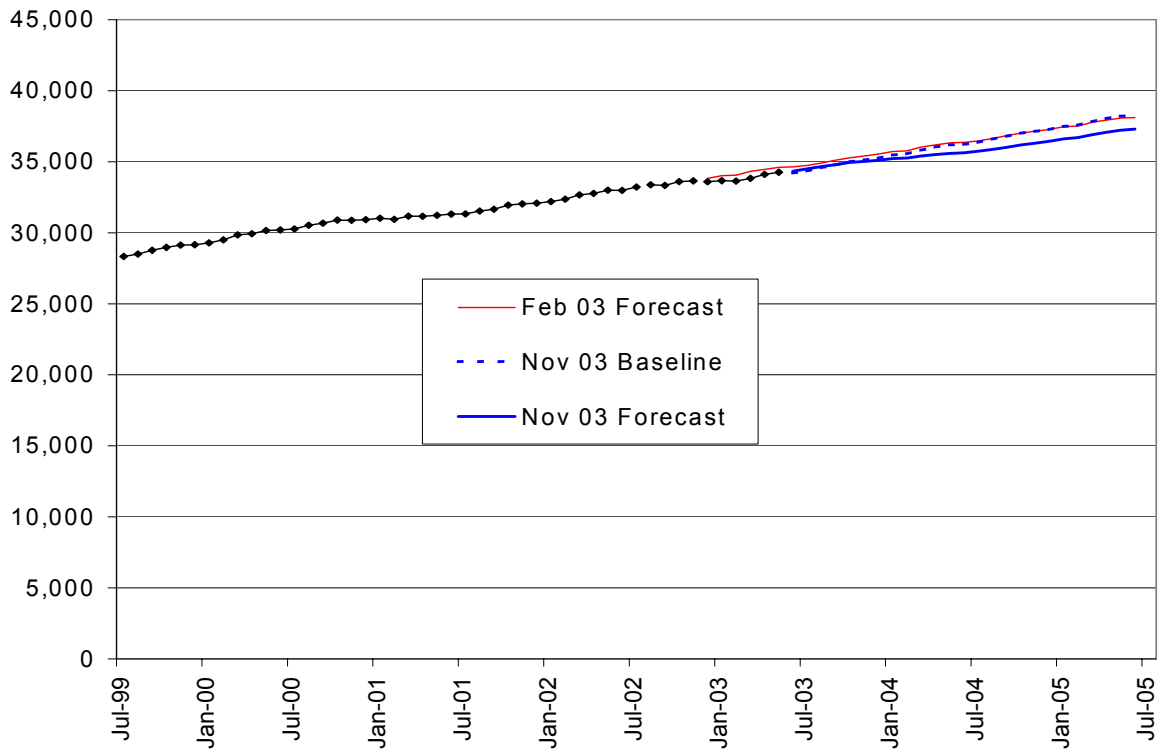
As shown in Figure 7, the Home and Community Services February 2003 forecast is 0.1 percent lower than the November 2002 forecast for FY2005, while Figure 8 shows that the November 2003 baseline trend is 0.1 percent higher than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload did not change.

The November 2003 forecast is 2.3 percent lower than the November 2003 baseline for FY2005 after incorporating program adjustments that yielded a net reduction because increases by the Medically Needy Waiver and ECS adjustments were much smaller than decreases by the MPC Level of Care, Spousal Assets Limit, and COPES Waiver Limit adjustments.

**Figure 7. Home and Community Services November 2002 and February 2003 Forecasts**



**Figure 8. Home and Community Services November 2003 Forecast**



## FORECAST DETAILS

The Home and Community Services forecast is the sum of seven forecasts within the In-Home and Residential services categories. The following describes these forecasts in greater detail.

### In-Home Services

In-Home services are defined as those services provided in the client's home, including Individual Provider Program (IPP) services and Agency Provider services, which together comprise over 99 percent of In-Home services. In-Home services comprise 74 percent of the total Home and Community Services FY2003 caseload and is expected to fall to 72 percent of the caseload by the end of the 2003-05 Biennium.

The November 2003 In-Home forecast estimates an average monthly caseload of 25,445 for FY2004, which is 3.6 percent lower than the February 2003 forecast and 4.0 percent lower than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 2.5 percent from FY2003 to FY2004 and 2.7 percent from FY2004 to FY2005.

**Table 4. In-Home Services**

|                 | <i>Fiscal Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|--------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997               | 18,103                                  |               |                           |
|                 | 1998               | 19,781                                  | 1,678         | 9.3%                      |
|                 | 1999               | 20,864                                  | 1,083         | 5.5%                      |
|                 | 2000               | 21,929                                  | 1,065         | 5.1%                      |
|                 | 2001               | 22,923                                  | 995           | 4.5%                      |
|                 | 2002               | 23,896                                  | 973           | 4.2%                      |
|                 | 2003*              | 24,832                                  | 936           | 3.9%                      |
| <i>Forecast</i> | 2004               | 25,445                                  | 613           | 2.5%                      |
|                 | 2005               | 26,127                                  | 682           | 2.7%                      |

\*A forecasted value for June 2003 is used in the calculation of the average actual caseload for FY2003.

The In-Home February 2003 forecast is 0.3 percent lower than the November 2002 forecast for FY2005, while the November 2003 baseline trend is 1.4 percent lower than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload decreased 1.7 percent.

The November 2003 forecast is 4.6 percent lower than the November 2003 baseline for FY2005 after incorporating program adjustments that were much larger than baseline trend decreases. The MPC Level of Care, Spousal Assets Limit, and COPES Waiver Limit program adjustments all lowered the forecast.

The November 2003 In-Home services forecast is the sum of three forecasts for Individual Provider Program (IPP), Agency Provider, and Chore services.

**Table 5. In-Home Services Components Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>IPP</i> | <i>Agency<br/>Provider</i> | <i>Chore<br/>Services</i> | <i>Total</i> |
|-----------------|------------------------|------------|----------------------------|---------------------------|--------------|
| <i>Actual</i>   | 1998                   | 10,217     | 8,417                      | 1147                      | 19,781       |
|                 | 1999                   | 11,659     | 8,417                      | 788                       | 20,864       |
|                 | 2000                   | 12,872     | 8,518                      | 539                       | 21,929       |
|                 | 2001                   | 13,851     | 8,681                      | 391                       | 22,923       |
|                 | 2002                   | 14,745     | 8,907                      | 244                       | 23,896       |
|                 | 2003*                  | 15,346     | 9,322                      | 164                       | 24,832       |
| <i>Forecast</i> | 2004                   | 15,952     | 9,392                      | 101                       | 25,445       |
|                 | 2005                   | 16,769     | 9,294                      | 65                        | 26,127       |

\*A forecasted value for June 2003 is used in the calculation of the average actual caseload for FY2003.

#### Individual Provider Program

The Individual Provider Program caseload is expected to grow 9 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 15,952 for FY2004, which is 4.7 percent lower than the February 2003 forecast and 5.7 percent lower than the November 2002 forecast. The November 2003 forecast is lower than previous forecasts primarily due to the addition of the MPC Level of Care and Spousal Assets Limit program adjustments plus baseline trend decreases.

Beginning with the June 2003 forecast, the IPP Monthly and IPP Hourly caseloads were combined into a single forecast. Consequently, the IPP November 2003 baseline trend is a combination of a seasonal, damped trend exponential smoothing model and a linear trend exponential smoothing model. The November 2003 forecast, which includes the MPC Level of Care and Spousal Assets Limit program adjustments, projects the caseload will grow 4.0 percent from FY2003 to FY2004 and 5.1 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy changes.

#### Agency Provider

The Agency Provider caseload is expected to decline less than 1 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 9,392 for FY2004, which is 1.7 percent lower than the February 2003 forecast and 0.9 percent lower than the November 2002 forecast. The November 2003 forecast is lower than previous forecasts primarily due to the addition of the MPC Level of Care, COPES Waiver Limit, and Spousal Assets Limit program adjustments which offset baseline trend increases.

The November 2003 baseline trend is a seasonal, linear trend exponential smoothing model using data from July 1999 to May 2003. The November 2003 forecast, which includes the MPC Level of Care, COPES Waiver Limit, and Spousal Assets Limit program adjustments, projects the caseload will grow 0.8 percent from FY2003 to FY2004 and

decline 1.1 percent from FY2004 to FY2005. The negative rate of growth for the latter half of the biennium reflects phase-in of the policy changes.

### Chore

The Chore services caseload is expected to decline by 99 clients for the 2003-05 Biennium. Beginning July 2001, the department no longer accepted new admissions to the Chore program, with the exception of Adult Protective Services clients. The forecast is a damped trend exponential smoothing model that assumes only 52 clients will remain on the caseload by the end of the 2003-2005 Biennium. These 52 clients represent the expected number of Adult Protective Services clients who will remain eligible to receive Chore services.

The November 2003 forecast estimates an average monthly caseload of 101 for FY2004, which is unchanged from both the February 2003 and November 2002 forecasts. The November 2003 forecast projects the caseload will decline 63 clients from FY2003 to FY2004 and 36 clients from FY2004 to FY2005. No program changes affect Chore services.

### Residential Services

Residential services are defined as those services provided in community residential settings, including Adult Family Homes (AFH), Adult Residential Care (ARC), and Assisted Living (AL).<sup>2</sup>

The November 2003 Residential services forecast estimates an average monthly caseload of 9,693 for FY2004, which is 5.2 percent higher than the February 2003 forecast and 5.9 percent higher than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 9.0 percent from FY2003 to FY2004 and 7.4 percent from FY2004 to FY2005.

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<sup>2</sup>PACE contract clients are also included in this category because most of them receive residential services, although some receive in-home services.

**Table 6. Residential Services**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1998                   | 5,894                                   |               |                           |
|                 | 1999                   | 6,703                                   | 809           | 13.7%                     |
|                 | 2000                   | 7,390                                   | 687           | 10.2%                     |
|                 | 2001                   | 7,996                                   | 605           | 8.2%                      |
|                 | 2002                   | 8,318                                   | 322           | 4.0%                      |
|                 | 2003*                  | 8,891                                   | 573           | 6.9%                      |
| <i>Forecast</i> | 2004                   | 9,693                                   | 802           | 9.0%                      |
|                 | 2005                   | 10,407                                  | 714           | 7.4%                      |

\*A forecasted value for June 2003 is used in the calculation of the average actual caseload for FY2003.

The Residential February 2003 forecast is 0.6 percent higher than the November 2002 forecast for FY2005, while the November 2003 baseline trend is 4.5 percent higher than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload increased 5.1 percent.

The November 2003 forecast is 3.8 percent higher than the November 2003 baseline for FY2005 after incorporating program adjustments that are slightly smaller than baseline trend increases. The large increase from the Medically Needy Waiver and smaller ECS increase exceeded decreases from the MPC Level of Care, Spousal Assets Limit, and COPES Waiver Limit program adjustments.

The November 2003 Residential services forecast is comprised of four individual forecasts for each service type in the following table.

**Table 7. Residential Services Components Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>Adult<br/>Family<br/>Homes</i> | <i>Assisted<br/>Living</i> | <i>Adult<br/>Residential<br/>Care</i> | <i>PACE</i> | <i>Total</i> |
|-----------------|------------------------|-----------------------------------|----------------------------|---------------------------------------|-------------|--------------|
| <i>Actual</i>   | 1998                   | 2,983                             | 1,482                      | 1,351                                 | 79          | 5,894        |
|                 | 1999                   | 3,161                             | 2,144                      | 1,295                                 | 105         | 6,703        |
|                 | 2000                   | 3,150                             | 2,828                      | 1,285                                 | 128         | 7,390        |
|                 | 2001                   | 3,292                             | 3,239                      | 1,324                                 | 140         | 7,996        |
|                 | 2002                   | 3,261                             | 3,540                      | 1,374                                 | 142         | 8,318        |
|                 | 2003*                  | 3,278                             | 3,993                      | 1,459                                 | 160         | 8,891        |
| <i>Forecast</i> | 2004                   | 3,363                             | 4,632                      | 1,505                                 | 193         | 9,693        |
|                 | 2005                   | 3,426                             | 5,265                      | 1,517                                 | 200         | 10,407       |

\*A forecasted value for June 2003 is used in the calculation of the average actual caseload for FY2003.



### Adult Family Homes

The Adult Family Homes caseload is expected to grow 4 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 3,363 for FY2004, which is 2.1 percent higher than both the February 2003 and November 2002 forecasts. The November 2003 forecast is higher than previous forecasts due to increases from the Medically Needy Waiver and ECS program adjustments that exceeded decreases from the MPC Level of Care adjustment, the Spousal Assets Limit adjustment, and the baseline trend.

The November 2003 baseline trend is a constant 3,266 clients per month. The November 2003 forecast, which includes the Medically Needy Waiver, ECS, MPC Level of Care, and Spousal Assets Limit program adjustments, projects the caseload will grow 2.6 percent from FY2003 to FY2004 and 1.9 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy changes.

### Assisted Living

The Assisted Living caseload is expected to grow 32 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 4,632 for FY2004, which is 8.2 percent higher than both the February 2003 and November 2002 forecasts. The November 2003 forecast is higher than previous forecasts due to an increase from the Medically Needy Waiver that exceeded a Spousal Assets Limit decrease, plus a baseline trend increase.

The November 2003 baseline trend is an ARIMA model using data from July 2001 to May 2003. The November 2003 forecast, which includes the Medically Needy Waiver and Spousal Assets Limit program adjustments, projects the caseload will grow 16.0 percent from FY2003 to FY2004 and 13.7 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy changes.

### Adult Residential Care

The Adult Residential Care caseload is expected to grow 4 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 1,505 for FY2004, which is 1.6 percent higher than the February 2003 forecast and 5.0 percent higher than the November 2002 forecast. The November 2003 forecast is higher than previous forecasts due to baseline trend and ECS increases that exceeded decreases from the MPC Level of Care, Spousal Assets Limit, and COPES Waiver Limit program adjustments.

The November 2003 baseline trend is a seasonal, linear trend exponential smoothing model using data from July 2001 to May 2003. The November 2003 forecast, which includes the MPC Level of Care, Spousal Assets Limit, COPES Waiver Limit, and ECS program adjustments, projects the caseload will grow 3.1 percent from FY2003 to FY2004 and 0.8 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy changes.

### PACE

The PACE caseload (previously known as Elder Place) is expected to grow 40 clients or 25 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 193 for FY2004, which is 34 cases higher than the February 2003 forecast and 45 cases higher than November 2002.

The November 2003 forecast model is a seasonal, linear trend exponential smoothing model capped at 200 clients. The November 2003 forecast, which has no program adjustments, projects the caseload will grow 33 cases from FY2003 to FY2004 and 7 cases from FY2004 to FY2005. The rate of growth for the latter half of the biennium is slower because FY2005 is forecast to be a constant 200.

**SOURCE DATA**

The data for Home and Community Services come from Social Services Payment System (SSPS) authorizations as reported by the Executive Management Information System (EMIS). The actuals reflect the total count of individuals newly authorized to receive services during the month or who continued to receive services authorized during an earlier month.

## SECTION IV

# DIVISION OF DEVELOPMENTAL DISABILITIES

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The Division of Developmental Disabilities (DDD) is responsible for the provision of services and support in order to offer opportunities for growth and development of individuals with developmental disabilities. Medicaid Personal Care is the only DDD program forecasted by the Caseload Forecast Council.

### PROGRAM ADJUSTMENTS

The MPC Level of Care policy change, which raises the eligibility standard to qualify for publicly-funded long-term care, is the only program adjustment affecting the Medicaid Personal Care forecasts. It affects all Adult forecasts but not Children. Phase-in began in September 2003 so the impact is greater in FY2005 than FY2004. This adjustment is expected to reduce the FY2005 Medicaid Personal Care caseload by 1.7 percent.

### MEDICAID PERSONAL CARE

Medicaid Personal Care (MPC) is a Title 19 Medicaid funded service that provides personal care support for persons in their own homes, adult family homes, adult residential care, or foster care.

The November 2003 Total MPC forecast estimates an average monthly caseload of 11,338 for FY2004, which is 0.7 percent lower than the February 2003 forecast and 4.6 percent lower than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 7.0 percent from FY2003 to FY2004 and 5.2 percent from FY2004 to FY2005.

**Table 8. Medicaid Personal Care Average Monthly Caseload**

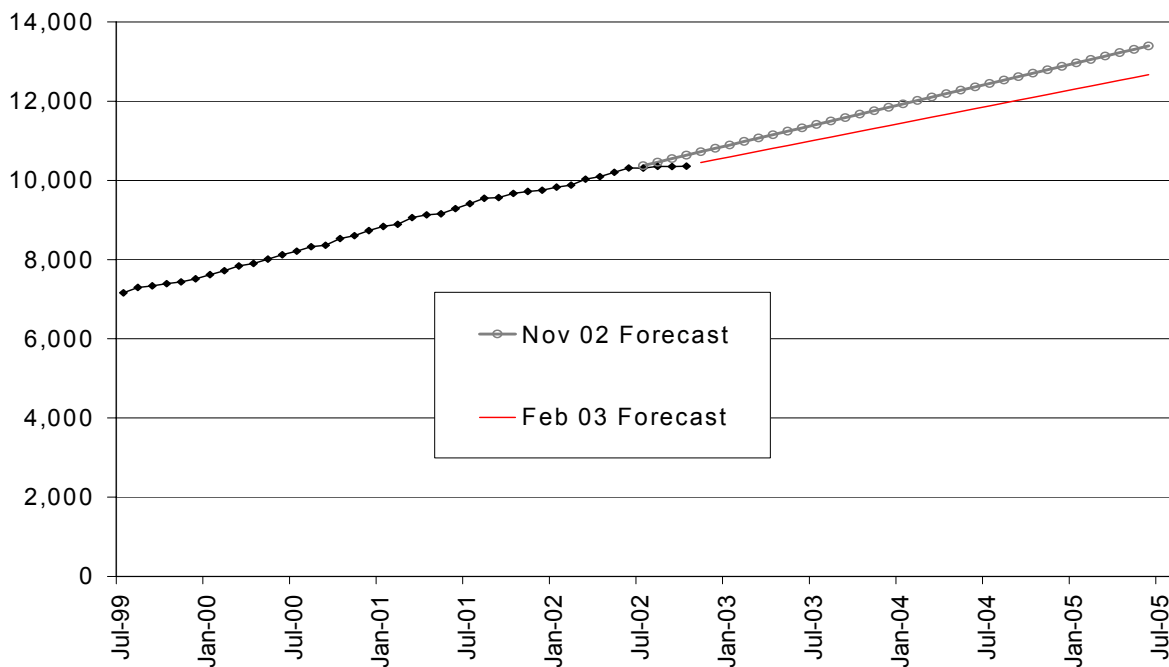
|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997                   | 5,460                                   |               |                           |
|                 | 1998                   | 6,121                                   | 661           | 12.1%                     |
|                 | 1999                   | 6,694                                   | 573           | 9.4%                      |
|                 | 2000                   | 7,612                                   | 918           | 13.7%                     |
|                 | 2001                   | 8,760                                   | 1,148         | 15.1%                     |
|                 | 2002                   | 9,834                                   | 1,074         | 12.3%                     |
|                 | 2003*                  | 10,592                                  | 758           | 7.7%                      |
| <i>Forecast</i> | 2004                   | 11,338                                  | 746           | 7.0%                      |
|                 | 2005                   | 11,927                                  | 589           | 5.2%                      |

\*Forecasted values for May and June 2003 are used in the calculation of actual FY2003 averages.

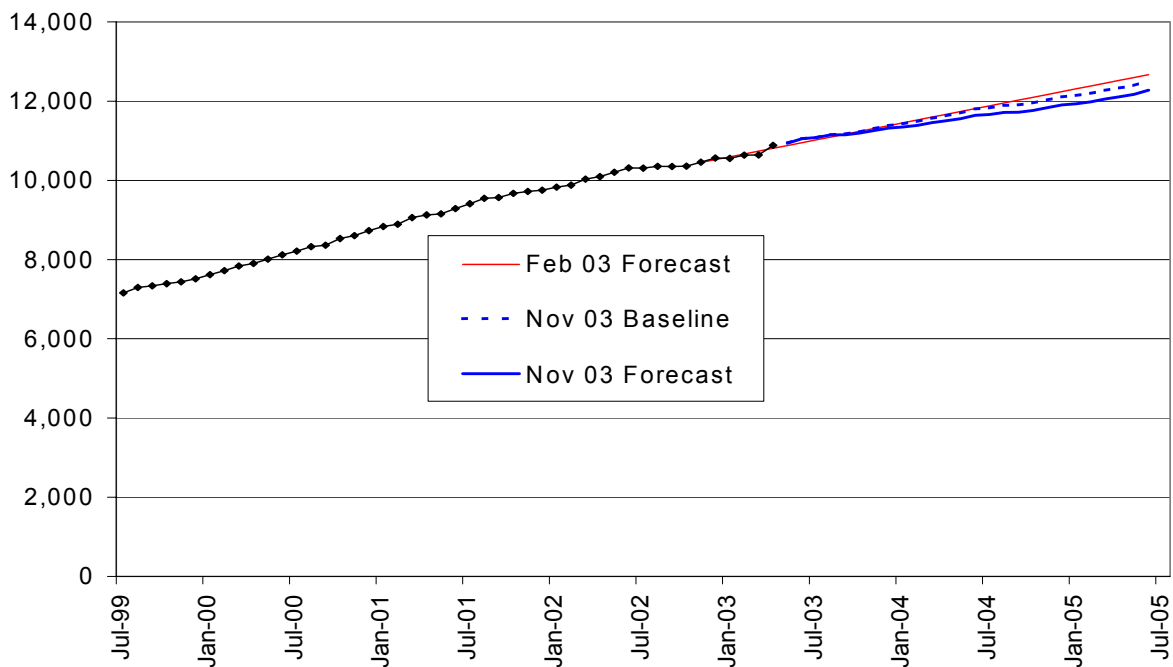
As shown in Figure 9, the Total MPC February 2003 forecast is 5.0 percent lower than the November 2002 forecast for FY2005, while Figure 10 shows that the November 2003 baseline trend is 1.2 percent lower than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload decreased 6.2 percent.

The November 2003 forecast is 1.7 percent lower than the November 2003 baseline for FY2005 after incorporating program adjustments (see *Program Adjustments* section for more detail). The large 5.0 percent decrease from November 2002 to February 2003 is primarily due to lower Children and Adult Individual Provider forecasts, which are only partially offset by an Adult Family Home increase. The February 2003 to November 2003 decrease is divided into 58 percent from the MPC Level of Care policy change and 42 percent from a baseline change.

**Figure 9. Medicaid Personal Care November 2002 and February 2003 Forecasts**



**Figure 10. Medicaid Personal Care November 2003 Forecast**



### **FORECAST DETAILS**

The Medicaid Personal Care caseload forecast is comprised of separate forecasts for adults and children, with adults accounting for 64 percent of the total caseload. The MPC Adult forecast is the sum of four separate forecasts based on provider type: Individual Provider (IP), Adult Family Homes (AFH), Agency Provider, and Adult Residential Care (ARC). The MPC Children forecast is not broken down by provider type because 84 percent are served by individual providers.

### **MPC Children**

The MPC Children caseload has no program changes so the forecasts and baselines are the same.

The November 2003 MPC Children forecast estimates an average monthly caseload of 4,114 for FY2004, which is 1.2 percent lower than the February 2003 forecast and 10.2 percent lower than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 7.3 percent from FY2003 to FY2004 and 7.2 percent from FY2004 to FY2005.

**Table 9. Medicaid Personal Care - Children**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997                   | 1,509                                   |               |                           |
|                 | 1998                   | 1,914                                   | 405           | 26.8%                     |
|                 | 1999                   | 2,166                                   | 252           | 13.2%                     |
|                 | 2000                   | 2,598                                   | 432           | 19.9%                     |
|                 | 2001                   | 3,131                                   | 533           | 20.5%                     |
|                 | 2002                   | 3,622                                   | 492           | 15.7%                     |
|                 | 2003*                  | 3,836                                   | 214           | 5.9%                      |
| <i>Forecast</i> | 2004                   | 4,114                                   | 279           | 7.3%                      |
|                 | 2005                   | 4,410                                   | 296           | 7.2%                      |

\*Forecasted values for May and June 2003 are used in the calculation of FY2003 averages.

The November 2003 MPC Children forecast is a seasonal exponential model using data from July 2001 to April 2003. The forecast is based on a caseload adjusted for a one-time April 2002 to March 2003 DDD eligibility review. The review purged ineligible clients who would have been removed before April 2002 under more diligent review procedures. Approximately 3.0 percent of the caseload was corrected by shifting clients to the month they would have been routinely removed, which resulted in lower caseload growth prior to April 2002 and higher subsequent growth.

The MPC Children February 2003 forecast is 11.2 percent lower than the November 2002 forecast for FY2005, while the November 2003 forecast is 2.0 percent lower than the February 2003 forecast. Thus, from November 2002 to November 2003, the FY2005 average monthly caseload decreased 13.2 percent. A new model was selected for both the February 2003 and November 2003 forecasts, but the November 2003 forecast was the first to use data adjusted for the eligibility review.

### **MPC Adult**

While all Adult forecasts are affected by the MPC Level of Care policy change, 77 percent of the FY2005 impact is to the Individual Provider forecast.

The November 2003 MPC Adult forecast estimates an average monthly caseload of 7,224 for FY2004, which is 0.4 percent lower than the February 2003 forecast and 1.1 percent lower than the November 2002 forecast. The November 2003 forecast projects the caseload will grow 6.9 percent from FY2003 to FY2004 and 4.1 percent from FY2004 to FY2005.

**Table 10. Medicaid Personal Care - Adults**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 1997                   | 3,951                                   |               |                           |
|                 | 1998                   | 4,207                                   | 256           | 6.5%                      |
|                 | 1999                   | 4,528                                   | 321           | 7.6%                      |
|                 | 2000                   | 5,015                                   | 487           | 10.7%                     |
|                 | 2001                   | 5,630                                   | 615           | 12.3%                     |
|                 | 2002                   | 6,212                                   | 582           | 10.3%                     |
|                 | 2003*                  | 6,756                                   | 544           | 8.8%                      |
| <i>Forecast</i> | 2004                   | 7,224                                   | 468           | 6.9%                      |
|                 | 2005                   | 7,517                                   | 293           | 4.1%                      |

\*Forecasted values for May and June 2003 are used in the calculation of FY2003 averages.

The MPC Adult February 2003 forecast is 1.0 percent lower than the November 2002 forecast for FY2005, while the November 2003 baseline trend is 0.7 percent lower than the February 2003 forecast. Thus, from November 2002 to November 2003, the baseline FY2005 average monthly caseload decreased 1.7 percent.

The November 2003 forecast is 2.6 percent lower than the November 2003 baseline for FY2005 after incorporating program adjustments. The Adult forecast decrease from November 2002 to February 2003 is primarily due to the lower Individual Provider forecast, which was more than double the Adult Family Home increase. Most of the February 2003 to November 2003 decrease, 80 percent, is from the MPC Level of Care policy change and 20 percent is from baseline changes.

The MPC Adult forecast is comprised of separate forecasts for each provider type: Individual Provider (IP), Adult Family Homes (AFH), Agency Provider, and Adult Residential Care (ARC).

**Table 11. Medicaid Personal Care Adult Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>Individual<br/>Provider</i> | <i>Adult<br/>Family<br/>Homes</i> | <i>Agency<br/>Provider</i> | <i>Adult<br/>Residential<br/>Care</i> | <i>Adult<br/>Total</i> |
|-----------------|------------------------|--------------------------------|-----------------------------------|----------------------------|---------------------------------------|------------------------|
| <i>Actual</i>   | 1997                   | 2,140                          | 1,102                             | 453                        | 256                                   | 3,951                  |
|                 | 1998                   | 2,351                          | 1,109                             | 490                        | 257                                   | 4,207                  |
|                 | 1999                   | 2,649                          | 1,129                             | 527                        | 223                                   | 4,528                  |
|                 | 2000                   | 3,116                          | 1,114                             | 585                        | 200                                   | 5,015                  |
|                 | 2001                   | 3,630                          | 1,146                             | 654                        | 200                                   | 5,630                  |
|                 | 2002                   | 4,115                          | 1,192                             | 705                        | 201                                   | 6,212                  |
|                 | 2003*                  | 4,478                          | 1,292                             | 775                        | 213                                   | 6,756                  |
| <i>Forecast</i> | 2004                   | 4,827                          | 1,356                             | 827                        | 214                                   | 7,224                  |
|                 | 2005                   | 5,069                          | 1,371                             | 865                        | 212                                   | 7,517                  |

\*Forecasted values for May and June 2003 are used in the calculation of FY2003 averages.

#### Individual Provider

The Individual Provider caseload is expected to grow 13 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 4,827 for FY2004, which is 3.0 percent lower than the February 2003 forecast and 5.4 percent lower than the November 2002 forecast. The November 2003 forecast is lower than previous forecasts partially due to the addition of the MPC Level of Care program adjustment but primarily due to baseline trend decreases.

The November 2003 baseline trend, a linear trend exponential smoothing model using data from July 2001 to April 2003, averages 7.1 percent annual growth for the 2003-05 Biennium. The November 2003 forecast, which includes the MPC Level of Care program adjustment, projects the caseload will grow 7.8 percent from FY2003 to FY2004 and 5.0 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy change.

#### Adult Family Homes

The Adult Family Homes caseload is expected to grow 6 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 1,356 for FY2004, which is 8.7 percent higher than the February 2003 forecast and 14.8 percent higher than the November 2002 forecast. The November 2003 forecast is higher than previous forecasts because the MPC Level of Care program adjustment is small relative to baseline trend increases.

The November 2003 baseline trend, a damped trend exponential smoothing model using data from July 2001 to April 2003, averages 2.1 percent growth per year for the 2003-05 Biennium. The November 2003 forecast, which includes the MPC Level of Care program adjustment, projects the caseload will grow 5.0 percent from FY2003 to FY2004 and 1.1 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects both phase-in of the policy change and the dampening effect of the model.



### Agency Provider

The Agency Provider caseload is expected to grow 12 percent for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 827 for FY2004, which is 6 clients higher than both the February 2003 and November 2002 forecasts. The November 2003 forecast is slightly higher than previous forecasts because the MPC Level of Care program adjustment, which lowered the forecast, was offset by a baseline trend increase.

The November 2003 baseline trend, a linear trend model using data from July 2001 to April 2003, averages 6.6 percent growth per year for the 2003-05 Biennium. The November 2003 forecast, which includes the MPC Level of Care program adjustment, projects the caseload will grow 6.7 percent from FY2003 to FY2004 and 4.6 percent from FY2004 to FY2005. The slower rate of growth for the latter half of the biennium reflects phase-in of the policy change.

### Adult Residential Care

The Adult Residential Care caseload is expected to essentially not change for the 2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of 214 for FY2004, which is 8 clients higher than the February 2003 forecast and 14 clients higher than the November 2002 forecast. The November 2003 forecast is higher than previous forecasts because the MPC Level of Care program adjustment is small relative to baseline trend increases.

The November 2003 baseline trend is a constant 215 clients per month, an increase from 200 for November 2002. The November 2003 forecast, which includes the MPC Level of Care program adjustment, projects the caseload will grow 1 client from FY2003 to FY2004 and decline 2 clients from FY2004 to FY2005. The negative rate of growth for the latter half of the biennium reflects phase-in of the policy change.

### **SOURCE DATA**

The data for Medicaid Personal Care come from the Social Services Payment System (SSPS) as reported by the Executive Management Information System (EMIS). Actuals reflect the number of clients for whom a service payment was made. The most recent three months of data are lag adjusted.<sup>3</sup>

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<sup>3</sup> The data completion process, called lag adjustment, is necessary because recent historical data is often under-reported. The lag adjustment process is essentially a forecast of the completed data, based on an analysis of the data as they become more complete from month to month.



## SECTION V

# CHILDREN'S ADMINISTRATION

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The Children's Administration provides services that promote children's safety, permanency, well-being, and access to quality child care. The forecasted entitlement caseloads in the Children's Administration include:

- Foster Care and
- Adoption Support programs.

### FOSTER CARE

The Foster Care forecast includes forecasts for Foster Family Homes, Receiving Homes, and Behavioral Rehabilitation Services. Foster Family Homes provide 24-hour care to children who need temporary out-of-home placement due to child abuse, neglect, or family conflict. Behavioral Rehabilitation Services are intended for children with emotional and/or behavioral difficulties with needs exceeding the service or supervision capacity of regular foster care. Receiving Homes are for the emergency placement of children pending family reunification or replacement to longer-term family foster or group care.

### PROGRAM ADJUSTMENTS

The Foster Care November 2003 forecast includes a program adjustment for the Kinship Caregiver bill passed during the 2003 legislative session. The Kinship Caregiver bill develops a policy to conduct active outreach efforts to identify and locate relative providers, resulting in an increased number of children placed in relative care versus foster care. This policy change is expected to reduce the total Foster Care caseload by 2.3 percent for FY2005.

**Table 12. Foster Care**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2000                   | 8,127                                   |               |                           |
|                 | 2001                   | 8,183                                   | 56            | 0.7%                      |
|                 | 2002                   | 8,193                                   | 10            | 0.1%                      |
|                 | 2003*                  | 8,202                                   | 8             | 0.1%                      |
| <i>Forecast</i> | 2004                   | 8,089                                   | -113          | -1.4%                     |
|                 | 2005                   | 8,030                                   | -59           | -0.7%                     |

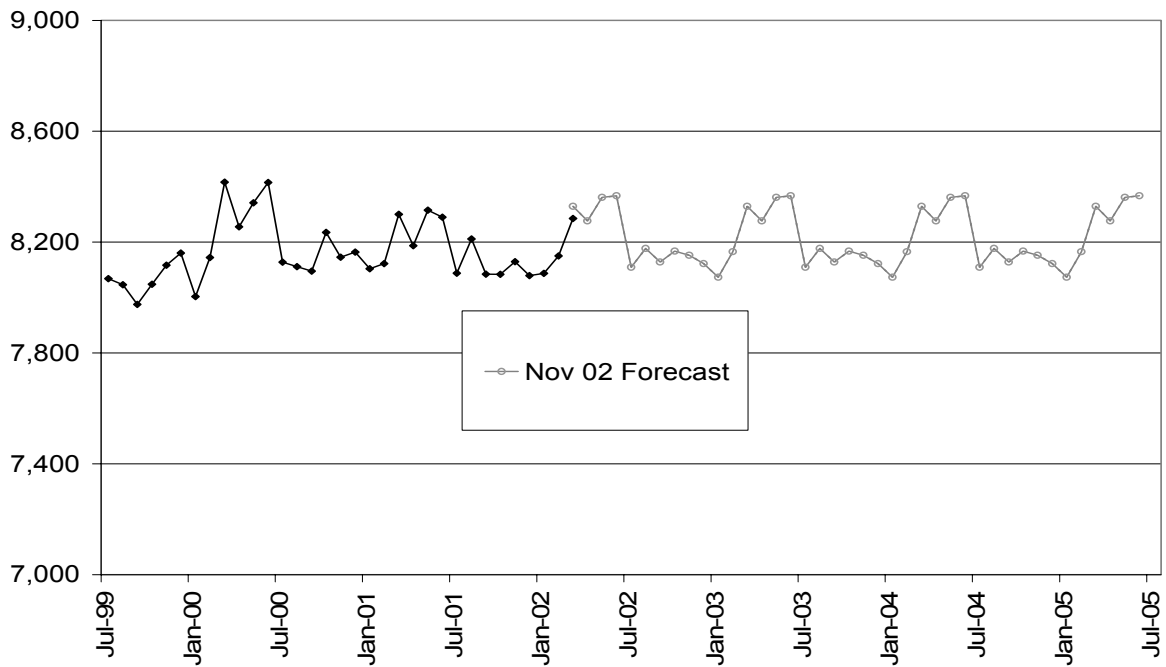
\*Forecasted values for May and June 2003 are used in the calculation of average actual caseload for FY2003.

The November 2003 Foster Care total forecast estimates an average monthly caseload of around 8,100 for FY2004, which is 1.4 percent lower than the February 2003 and November 2002 forecasts. Due to the expected impact of the Kinship Caregiver bill, the

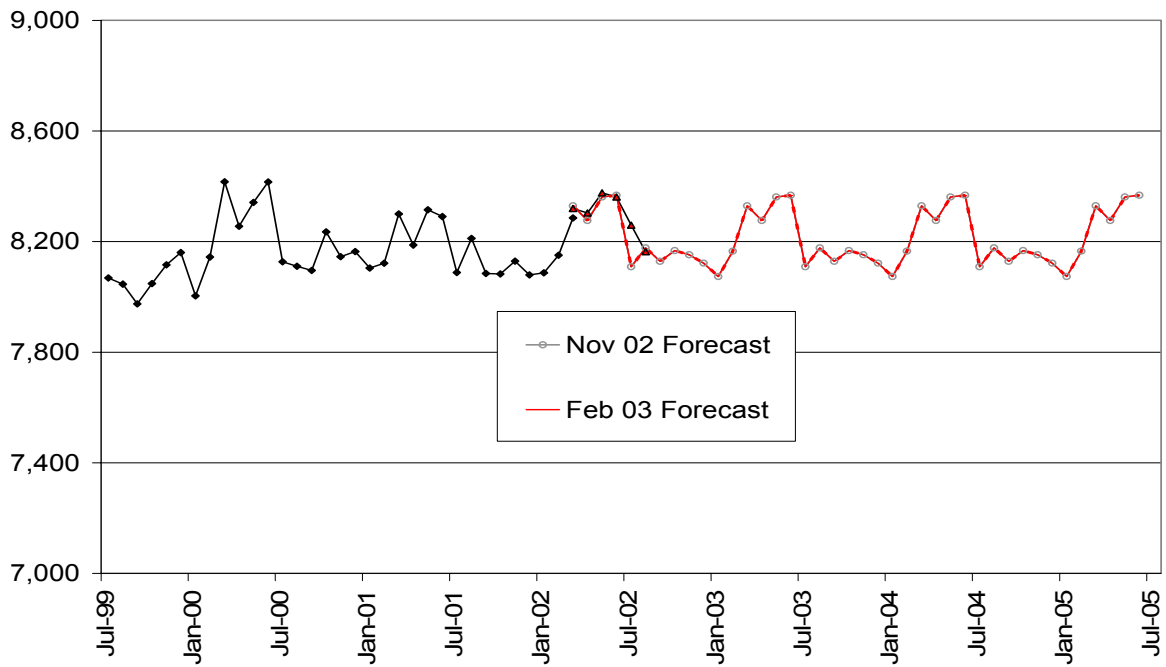
caseload is projected to decline by 1.4 percent from FY2003 to FY2004 and by 0.7 percent between FY2004 and FY2005.

Figures 11, 12, and 13 illustrate how the forecast has changed very little over the course of three forecast cycles. The main change to the forecast was the addition of the Kinship Caregiver bill to the November 2003 forecast.

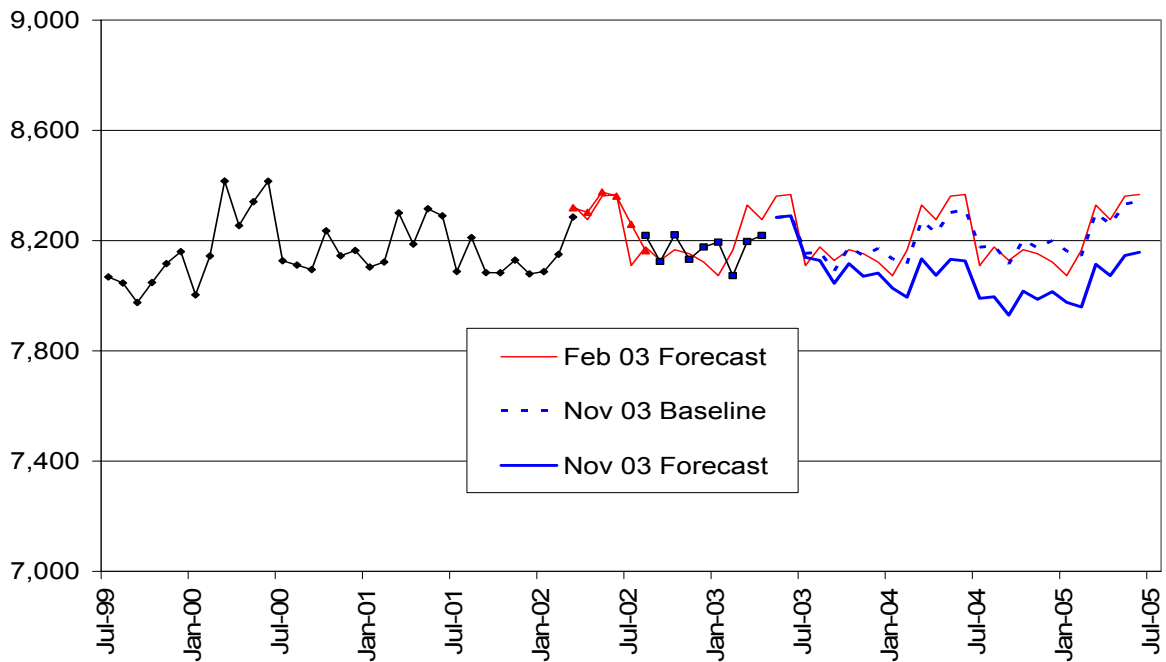
**Figure 11. Foster Care November 2002 Forecast**



**Figure 12. Foster Care February 2003 Forecast**



**Figure 13. Foster Care November 2003 Forecast**



## FORECAST DETAILS

The Foster Care forecast is the sum of the forecasts for Foster Family Homes, Behavioral Rehabilitation Services (BRS), and Receiving Homes. The following describes these forecasts in greater detail.

**Table 13. Foster Care Average Monthly Caseload**

|                 | <i>Fiscal Year</i> | <i>Foster<br/>Family Homes</i> | <i>Receiving<br/>Homes</i> | <i>BRS</i> | <i>Total</i> |
|-----------------|--------------------|--------------------------------|----------------------------|------------|--------------|
| <i>Actual</i>   | 2000               | 6,322                          | 805                        | 1,000      | 8,127        |
|                 | 2001               | 6,352                          | 796                        | 1,035      | 8,183        |
|                 | 2002               | 6,302                          | 743                        | 1,148      | 8,193        |
|                 | 2003*              | 6,437                          | 608                        | 1,157      | 8,202        |
| <i>Forecast</i> | 2004               | 6,388                          | 582                        | 1,120      | 8,089        |
|                 | 2005               | 6,336                          | 557                        | 1,137      | 8,030        |

\*Forecasted values for May and June 2003 are used in the calculation of average actual caseload for FY2003.

### Foster Family Homes - Basic Rate

Foster Family Homes provide 24-hour care to children who need temporary out-of-home placement due to child abuse, neglect, or family conflict. The Foster Family Homes – Basic Rate caseload comprises 78.5 percent of the total Foster Care caseload. The forecast is a damped trend, seasonal time series model. The historical data indicate higher caseload levels during the spring months, particularly in March, and lower caseload levels during the summer when school is out of session.

The November 2003 forecast projects an average monthly caseload of 6,388 children for FY2004, which is 1.1 percent higher than the February 2003 and November 2002 forecasts. Due to the expected impact of the Kinship Caregiver bill, the caseload is expected to decline by about 0.8 percent per year through the 2003-05 Biennium.

### Behavioral Rehabilitation Services

Behavioral Rehabilitation Services are intended for children with emotional and/or behavioral difficulties with needs exceeding the service or supervision capacity of regular foster care. The Behavioral Rehabilitation Services (BRS) caseload comprises 14 percent of the total Foster Care caseload. The forecast model is a damped trend, seasonal model.

The November 2003 forecast projects an average caseload of 1,120 for FY2004, which is 7.6 percent lower than the February 2003 and November 2002 forecasts. The caseload is projected to decline slightly from FY2003 to FY2004, and grow slightly from FY2004 to FY2005, resulting in very little change for the 2003-05 Biennium.

### Receiving Homes

Receiving Homes are for the emergency placement of children pending family reunification or replacement to longer-term family foster or group care. The Receiving Homes caseload comprises 7.5 percent of the total Foster Care caseload. The forecast

model is a logarithmic damped trend, seasonal model. The number of children in receiving homes is highest in March and lowest in December.

The November 2003 forecast projects an average monthly caseload of 582 children for FY2004, which is 13.5 percent lower than the February 2003 and November 2002 forecasts. The caseload is projected to decline just over 4 percent per year for the 2003-05 Biennium.

#### **SOURCE DATA**

The data for the Foster Care forecast come from Social Services Payment System (SSPS) payments as reported by the Executive Management Information System (EMIS). The caseload data has historically been reported based on authorizations rather than payments, and this switch to payment-based reporting occurred in July 2002.

#### **ADOPTION SUPPORT**

The Adoption Support program encourages the adoption of children from DSHS foster care who, because of age, race, physical condition, or emotional health, are considered more difficult to place for adoption. To be eligible for the program, the child must be under 18 years of age, in foster or group care placement, and considered hard to place. The program includes help with legal assistance, fees for adoption, ongoing monthly maintenance for adopted children with special needs, medical coverage to age 18, counseling reimbursements, and training opportunities.

The November 2003 Adoption Support forecast is a trended, seasonal exponential smoothing model. The forecast projects an average monthly caseload of close to 9,500 for FY2004, which is unchanged from the February 2003 forecast and 2.6 percent lower than the November 2002 forecast.

**Table 14. Adoption Support**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2000                   | 6,318                                   |               |                           |
|                 | 2001                   | 7,247                                   | 929           | 14.7%                     |
|                 | 2002                   | 8,049                                   | 801           | 11.1%                     |
|                 | 2003                   | 8,704                                   | 655           | 8.1%                      |
| <i>Forecast</i> | 2004                   | 9,456                                   | 752           | 8.6%                      |
|                 | 2005                   | 10,190                                  | 734           | 7.8%                      |

Historically, the high rate of growth for this caseload has been attributed to the federal Adoption and Safe Families Act enacted in 1997, which encourages the adoption of special needs children. Over the last few years, the annual growth rate has steadily been declining,

and the forecast reflects this, with a declining rate of growth from 8.6 percent from FY2003 to FY2004 and 7.8 percent growth from FY2004 to FY2005.

Figure 14 compares the November 2002 and February 2003 forecasts, revealing a minor downward adjustment to the February 2003 forecast that reflected a slight slowdown in the growth rate.

**Figure 14. Adoption Support November 2002 and February 2003 Forecasts**

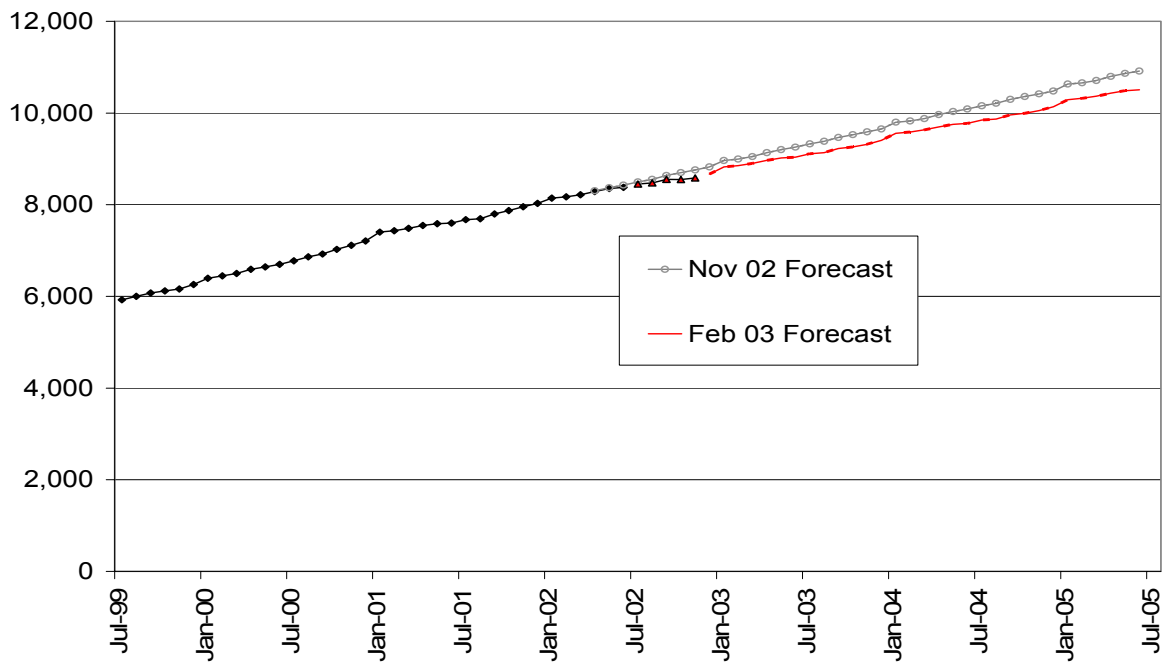
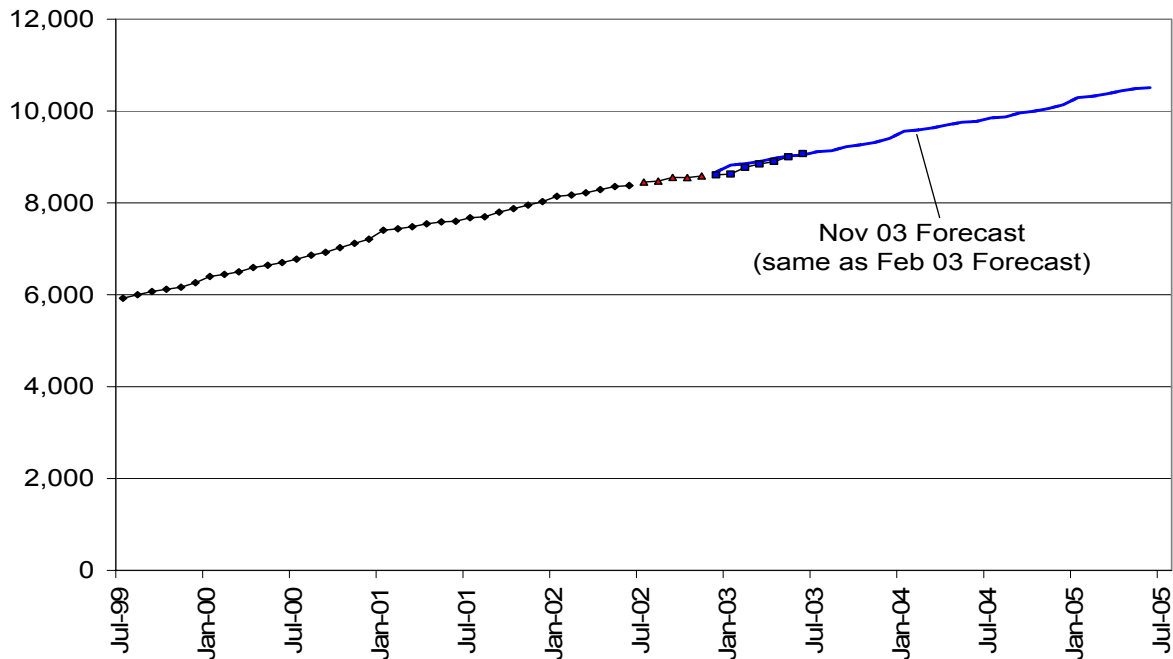




Figure 15 shows that actuals between the February and November forecast cycles tracked very close to forecast, so no changes were made to the November 2003 forecast.

**Figure 15. Adoption Support November 2003 Forecast**



#### **SOURCE DATA**

The Adoption Support data come from the Case Management Information System (CAMIS) as reported by the Executive Management Information System (EMIS). The actuals reflect the total count of individuals newly authorized to receive services during the month or who continued to receive services authorized during an earlier month.



## SECTION VI

# MEDICAL ASSISTANCE ADMINISTRATION

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The Medical Assistance Administration (MAA) provides opportunities for low-income people to obtain quality health care. MAA clients include low-income families with dependent children who are eligible for grant assistance, children and pregnant women in working poor families, and low-income elderly or disabled persons.

The forecasted entitlement caseloads in the Medical Assistance Administration are grouped into three general categories:

- Categorically Needy Adults and Children
- Aged, Blind, and Disabled, and
- Other Programs.

The total MAA caseload is predicted to reach around 878,000 eligibles, on average, for FY2004 and grow to around 896,000 for FY2005. The caseload is expected to increase by 2.5 percent from FY2003 to FY2004 and by 2.0 percent from FY2004 to FY2005.

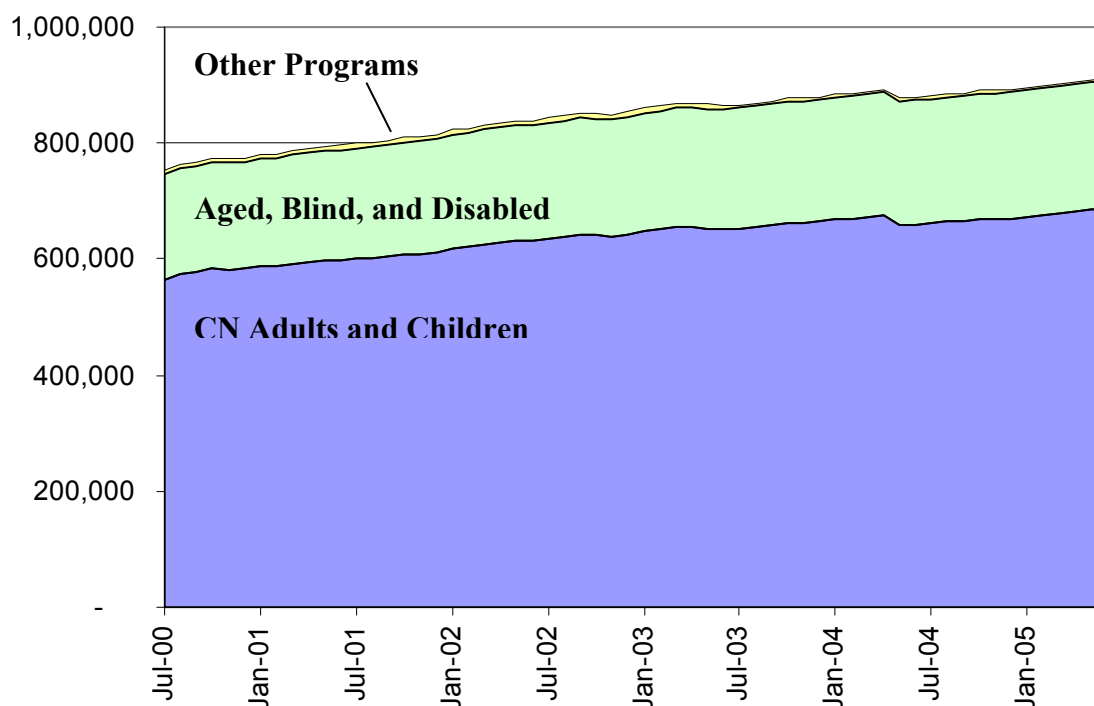
**Table 15. Medical Assistance Administration**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001                   | 777,829                                 |               |                           |
|                 | 2002                   | 819,563                                 | 41,734        | 5.4%                      |
|                 | 2003*                  | 857,447                                 | 37,883        | 4.6%                      |
| <i>Forecast</i> | 2004                   | 878,495                                 | 21,048        | 2.5%                      |
|                 | 2005                   | 895,688                                 | 17,193        | 2.0%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actual caseloads for FY2003.

Figure 16 depicts the total Medical Assistance caseload by three major categories: 1) CN Adults and Children, 2) Aged, Blind, and Disabled, and 3) Other programs. The CN Adults and Children category comprises 75 percent of the total caseload, followed by Aged, Blind, and Disabled at 24 percent, and the Other Programs category at 1 percent.

**Figure 16. Medical Assistance Administration - Total Caseload**



Separate forecasts are produced for each of the MAA caseloads. The forecasts were produced using time series methods and most are univariate models based on historical data from July 1999 through April 2003. In addition to these baseline trends, a number of program adjustments were made to the forecasts, which are described in the following section.

### **PROGRAM ADJUSTMENTS**

The major program adjustments included in the November 2003 MAA forecasts are Eligibility Verification, Children's Medical Premiums, GA-U Proof of Disability, Spousal Assets Limit, COPES Waiver Limit, and the Medically Needy Waiver.

#### **Eligibility Verification**

Starting in April 2003, a number of changes were made to the eligibility verification process for Categorically Needy programs. Hard copy signatures on applications are now required, income is verified at application and review, eligibility reviews are now conducted every six months, and the policy of 12-month continuous eligibility for children was terminated. The November 2003 forecast for the CN Adults and Children caseload projects a reduction of 2.7 percent for FY2004 and 4.1 percent for FY2005 due to more stringent eligibility verification.

### Children's Medical Premiums

Children's Medical Premiums are expected to be implemented in January 2004, with caseload impacts on the CN Other Children and SCHIP caseloads beginning in April 2004. Imposing premiums is estimated to reduce the CN Children caseload by 5 percent and the SCHIP caseload by 8 percent for FY2005.

### GA-U Proof of Disability

The GA-U Proof of Disability policy change shifts the burden of proof to the client to demonstrate his or her mental or medical incapacity in order to continue to receive General Assistance benefits. Implemented in September 2003, this policy is expected to reduce the GA-U medical caseload by 9 percent for FY2005.

### Spousal Assets Limit

The Spousal Assets Limit policy change reduces the amount of cash, savings, and other liquid assets which a couple may retain and still qualify for publicly-funded long-term care. This is estimated to reduce the CN Aged and MN Aged caseloads by around 0.4 percent each for FY2005.

### COPES Waiver Limit

The COPES Waiver Limit policy change limits growth in the COPES caseload to 1.08 percent per year. This is expected to reduce the CN Aged caseload by 1.8 percent and the CN Blind/Disabled caseload by 0.3 percent for FY2005.

### Medically Needy Waiver

The Medically Needy Waiver raises the eligibility standard for residential care from the Categorically Needy to the Medically Needy standard, effectively enabling nursing homes clients to move to less restrictive, residential settings. This will also bring in clients newly eligible to receive residential services. This policy change is expected to raise the MN Aged caseload by 3.6 percent for FY2005.

### **SOURCE DATA**

The data for all of the Medical Assistance forecasts come from the Medicaid Management Information System (MMIS) Incurred Expense Report (IER), and some adjustments are made to these data prior to being used in the forecast. Actuals are the number of clients eligible at any time during the month and are lag adjusted up to 24 months.<sup>4</sup> Source data used to estimate the impact of the program adjustment for the Family Medical Project come primarily from exit and entry data from the OFM Eligibility File.

### **CATEGORICALLY NEEDY ADULTS AND CHILDREN**

The Categorically Needy Adults and Children category includes three programs: Family Medical, Other Children, and Pregnant Women. These programs comprise 75 percent of the total Medical Assistance caseload.

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<sup>4</sup> The data completion process, called lag adjustment, is necessary because recent historical data is often under-reported. The lag adjustment process is essentially a forecast of the completed data, based on an analysis of the data as they become more complete from month to month.

The November 2003 forecast for Categorically Needy Adults and Children projects an average monthly caseload of around 664,000 for FY2004 and is expected to reach around 673,000 by FY2005. The November 2003 forecast is 2.5 percent lower than the February 2003 forecast and 0.3 percent lower than the November 2002 forecast for FY2004. The total Categorically Needy Adults and Children caseload is projected to increase by 2.6 percent from FY2003 to FY2004 and 1.5 percent from FY2004 to FY2005.

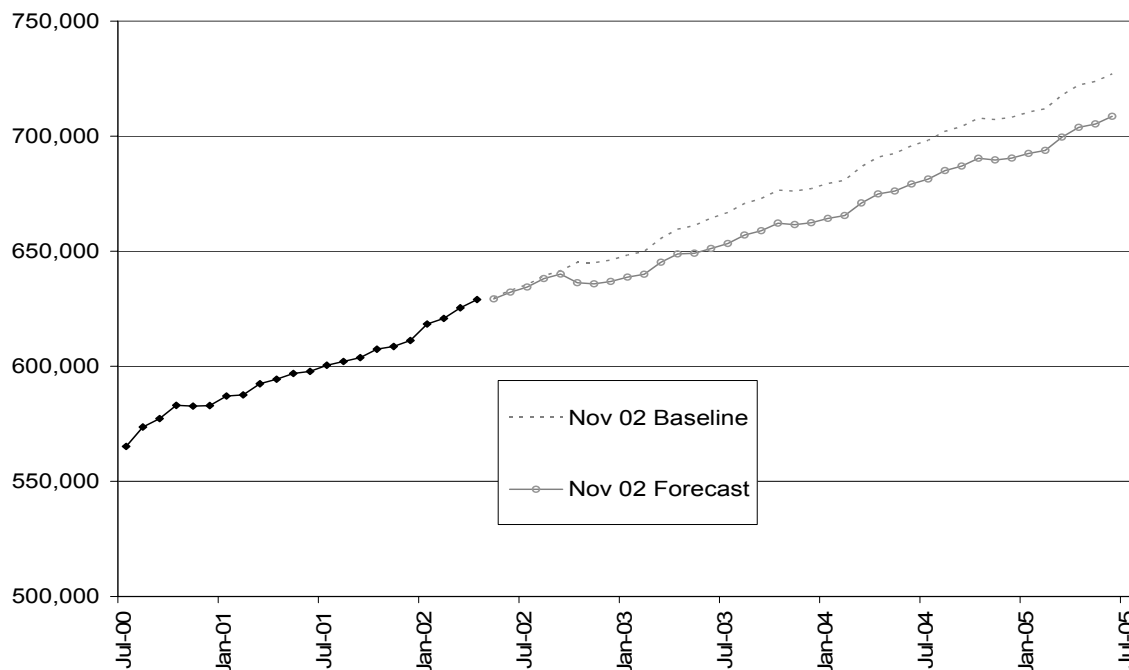
**Table 16. Categorically Needy Adults and Children**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001                   | 585,033                                 |               |                           |
|                 | 2002                   | 615,905                                 | 30,872        | 5.3%                      |
|                 | 2003*                  | 646,775                                 | 30,870        | 5.0%                      |
| <i>Forecast</i> | 2004                   | 663,628                                 | 16,853        | 2.6%                      |
|                 | 2005                   | 673,427                                 | 9,800         | 1.5%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

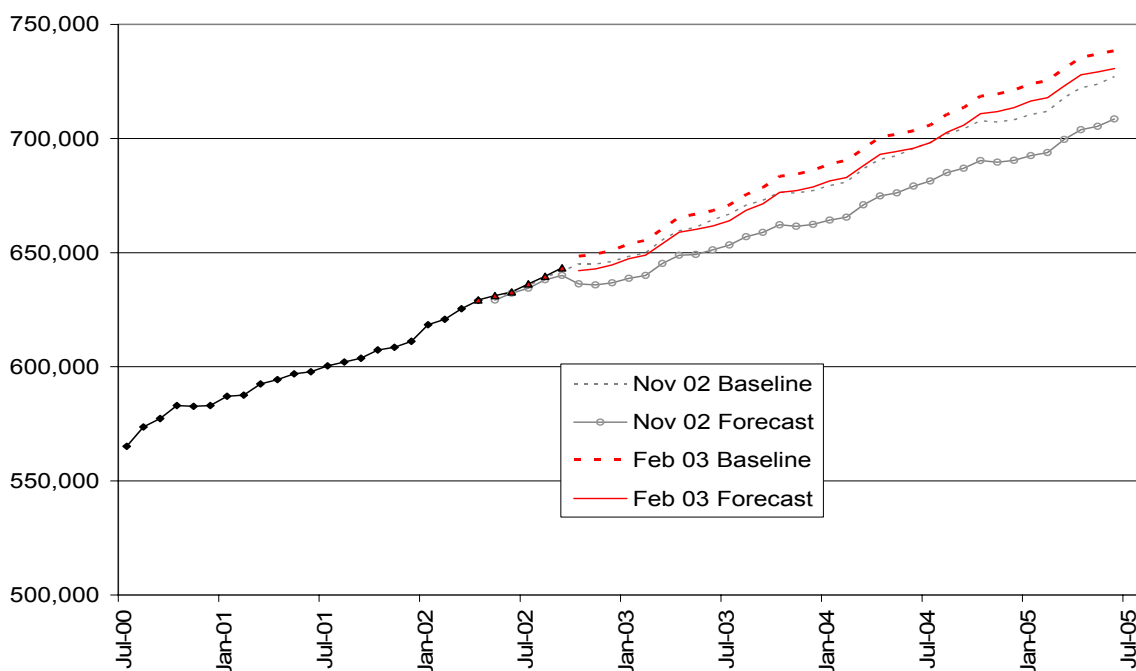
The November 2002 forecast contained a number of program adjustments, including the “Take Charge” Family Planning Waiver and the termination of medical benefits for immigrants (except pregnancy and Alien Emergency Medical services). Figure 17 below illustrates the difference between the baseline trend and final forecast as a result of these program adjustments.

**Figure 17. CN Adult and Children November 2002 Forecast**



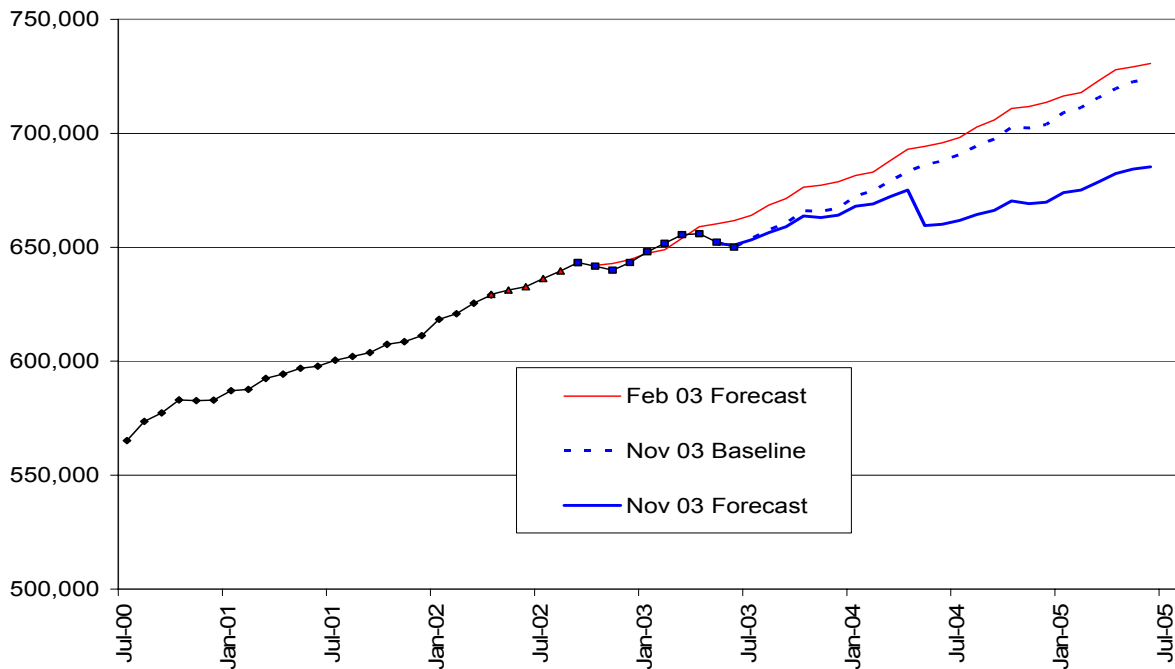
The February 2003 forecast was higher than the November 2002 forecast for two main reasons: the “Take Charge” Family Planning Waiver program adjustment was removed from the forecast for both the Other Children and Pregnant Women caseloads, and the baseline trend for Other Children was raised.

**Figure 18. CN Adult and Children February 2003 Forecast**



The November 2003 forecast is lower than the February 2003 forecast primarily due to the incorporation of policy changes made in the 2003 legislative session. More stringent eligibility verification began in April 2003 and substantially reduced the Other Children and Pregnant Women caseloads. The forecast also includes the implementation of Children’s Medical Premiums, which is expected to dramatically impact the Other Children caseload starting in April 2004, as shown in Figure 19.

**Figure 19. CN Adult and Children November 2003 Forecast**



### FORECAST DETAILS

The November 2003 Categorically Needy Adults and Children forecast is comprised of three forecasts. The following describes each individual forecast and the model used for the baseline trend.

**Table 17. CN Adults and Children: Average Monthly Caseload**

|                 | <i>Fiscal Year</i> | <i>Family Medical</i> | <i>Other Children</i> | <i>Other Women</i> | <i>Total</i> |
|-----------------|--------------------|-----------------------|-----------------------|--------------------|--------------|
| <i>Actual</i>   | 2001               | 268,805               | 293,876               | 22,352             | 585,033      |
|                 | 2002               | 272,110               | 319,826               | 23,969             | 615,905      |
|                 | 2003*              | 276,263               | 344,562               | 25,950             | 646,775      |
| <i>Forecast</i> | 2004               | 283,896               | 353,448               | 26,283             | 663,628      |
|                 | 2005               | 288,974               | 356,825               | 27,628             | 673,427      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

### Categorically Needy Family Medical

The CN Family Medical program provides medical assistance to needy families with children who are deprived due to the absence of a parent or the unemployment of an employable parent. This caseload comprises 43 percent of the total Categorically Needy Adults and Children caseload.



The November 2003 CN Family Medical forecast projects an average monthly caseload of around 284,000 eligibles for FY2004, which is 1.8 percent higher than the February 2003 forecast and 2.8 percent higher than the November 2002 forecast. The caseload is expected to grow by 2.6 percent from FY2003 to FY2004, and by 1.0 percent from FY2004 to FY2005.

**Table 18. CN Family Medical**

|                 | <i>Fiscal Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|--------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001               | 268,805                                 |               |                           |
|                 | 2002               | 272,110                                 | 3,305         | 1.2%                      |
|                 | 2003               | 276,263                                 | 4,153         | 1.5%                      |
| <i>Forecast</i> | 2004*              | 283,896                                 | 7,633         | 2.8%                      |
|                 | 2005               | 288,974                                 | 5,078         | 1.8%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

The November 2003 Family Medical baseline trend is a trended, seasonal exponential smoothing model, projecting a caseload growth of 2.5 percent per year for the 2003-05 Biennium. The forecast contains a program adjustment for the Eligibility Verification policy change (see *Program Adjustments* section for more detail). More stringent eligibility verification is expected to lower the caseload by 2,500 for FY2005, reducing the growth rate of the final forecast to 1.8 percent from FY2004 to FY2005.

### Categorically Needy Other Children

The Categorically Needy Other Children program provides medical services to children at or below 200 percent of the Federal Poverty Level (FPL) who are not eligible for TANF or SSI. This caseload comprises 53 percent of the total Categorically Needy Adults and Children caseload.

The November 2003 CN Other Children forecast estimates an average monthly caseload of around 353,000 children for FY2004, which is 5.8 percent lower than the February 2003 forecast and 3.1 percent lower than the November 2002 forecast.

**Table 19. CN Other Children**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001                   | 293,876                                 |               |                           |
|                 | 2002                   | 319,826                                 | 25,950        | 8.8%                      |
|                 | 2003*                  | 344,562                                 | 24,736        | 7.7%                      |
| <i>Forecast</i> | 2004                   | 353,448                                 | 8,886         | 2.6%                      |
|                 | 2005                   | 356,825                                 | 3,377         | 1.0%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

The November 2003 baseline trend is a trended, seasonal model based on the average monthly growth rates from May 2001 through April 2003. The baseline trend projects a growth of 7.5 percent per year for the 2003-2005 Biennium.

The forecast also contains program adjustments to account for the Eligibility Verification policy change and Children's Medical Premiums (see *Program Adjustments* section above for more detail). More stringent eligibility verification is expected to reduce the caseload by close to 25,000 or 6.2 percent for FY2005. Children's Medical Premiums, to be implemented January 2004, is expected to further reduce the caseload by almost 19,000 or 4.7 percent for FY2005. The November 2003 forecast including these program adjustments predicts a caseload growth of 2.6 percent from FY2003 to FY2004, and 1.0 percent from FY2004 to FY2005.

### Categorically Needy Pregnant Women

The Categorically Needy Pregnant Women program provides medical services for pregnant women up to 185 percent of FPL. This program comprises 4 percent of the total Categorically Needy Adults and Children caseload. The baseline trend is a trended exponential smoothing model with seasonal components, projecting a caseload increase of over 5.4 percent per year for the 2003-05 Biennium.

The forecast also includes a program adjustment for the Eligibility Verification policy change (see the *Program Adjustments* section for more detail). The forecast assumes that more stringent eligibility verification will reduce the caseload by about 2,300 or 8 percent for FY2005.

The November 2003 Pregnant Women forecast, including the Eligibility Verification program adjustment, estimates an average monthly caseload of 26,300 for FY2004, which is 5.8 percent lower than the February 2003 forecast and 3.1 percent lower than the November 2002 forecast. The Pregnant Women caseload is projected to grow by 1.3 percent from FY2003 to FY2004 and 5.1 percent from FY2004 to FY2005. The lower growth for the early part of the biennium is due to a substantial caseload drop in April and

May 2003 when eligibility verification policies were first implemented, having a more significant reduction on the caseload than originally anticipated.

**Table 20. CN Pregnant Women**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001                   | 22,352                                  |               |                           |
|                 | 2002                   | 23,969                                  | 1,617         | 7.2%                      |
|                 | 2003*                  | 25,950                                  | 1,981         | 8.3%                      |
| <i>Forecast</i> | 2004                   | 26,283                                  | 334           | 1.3%                      |
|                 | 2005                   | 27,628                                  | 1,345         | 5.1%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

### AGED, BLIND, AND DISABLED PROGRAMS

The Aged, Blind, and Disabled category covers seven programs: Categorically Needy Aged, Medically Needy Aged, Categorically Needy Blind/Disabled, Medically Needy Blind/Disabled, General Assistance-Unemployable, Qualified Medicare Beneficiaries, and Categorically Needy Medicaid Buy-In program. These programs comprise 24 percent of the total Medical Assistance caseload.

**Table 21. Aged, Blind, and Disabled Programs**

|                 | <i>Fiscal<br/>Year</i> | <i>Average<br/>Monthly<br/>Caseload</i> | <i>Change</i> | <i>Percent<br/>Change</i> |
|-----------------|------------------------|---|---------------|---------------------------|
| <i>Actual</i>   | 2001                   | 185,859                                 |               |                           |
|                 | 2002                   | 196,014                                 | 10,155        | 5.5%                      |
|                 | 2003*                  | 202,492                                 | 6,478         | 3.3%                      |
| <i>Forecast</i> | 2004                   | 210,642                                 | 8,151         | 4.0%                      |
|                 | 2005                   | 217,959                                 | 7,317         | 3.5%                      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

The November 2003 forecast for the Aged, Blind, and Disabled programs projects an average monthly caseload of over 210,500 for FY2004, which is 1.1 percent higher than the February 2003 forecast and 0.8 percent higher than the November 2002 forecast. The November 2003 forecast projects the caseload to grow by 4.0 percent from FY2003 to FY2004 and 3.5 percent from FY2004 to FY2005.

Figure 20 illustrates the difference between the November 2002 baseline trend and forecast, due to the GA-U savings program adjustment from the 2002 Supplemental Budget.

**Figure 20. Aged, Blind, and Disabled Programs: November 2002 Forecast**

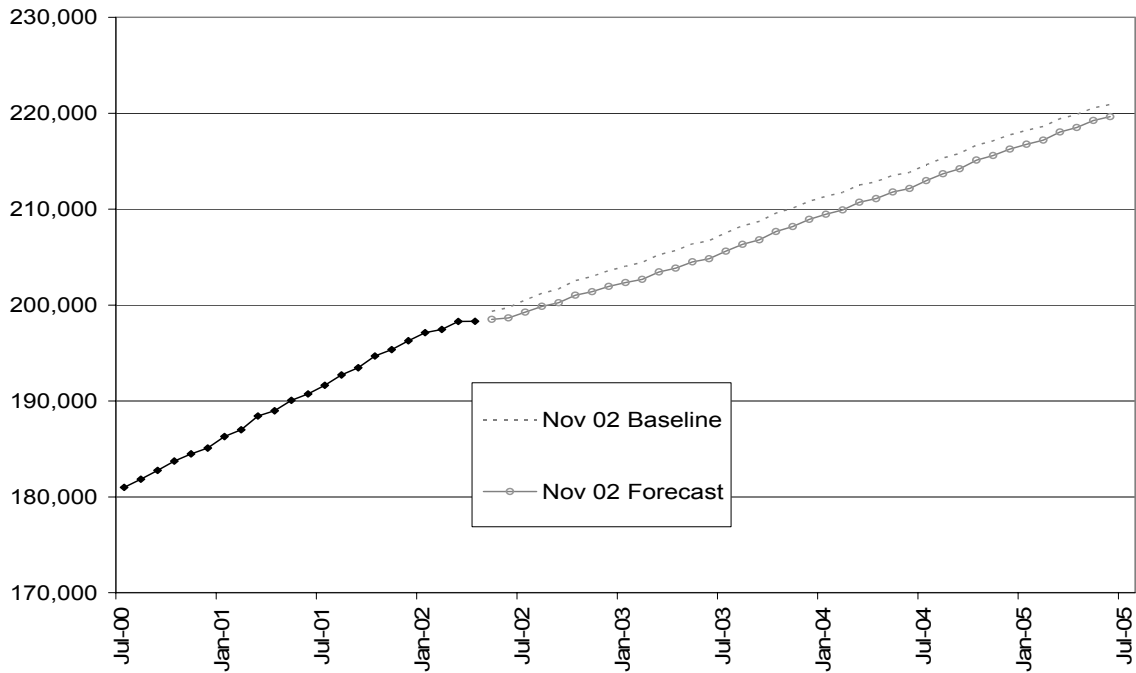


Figure 21 below compares the November 2002 to the February 2003 forecast. The February forecast was slightly lower, primarily due to a minor downward revision to the CN Blind/Disabled forecast.

**Figure 21. Aged, Blind, and Disabled Programs: February 2003 Forecast**

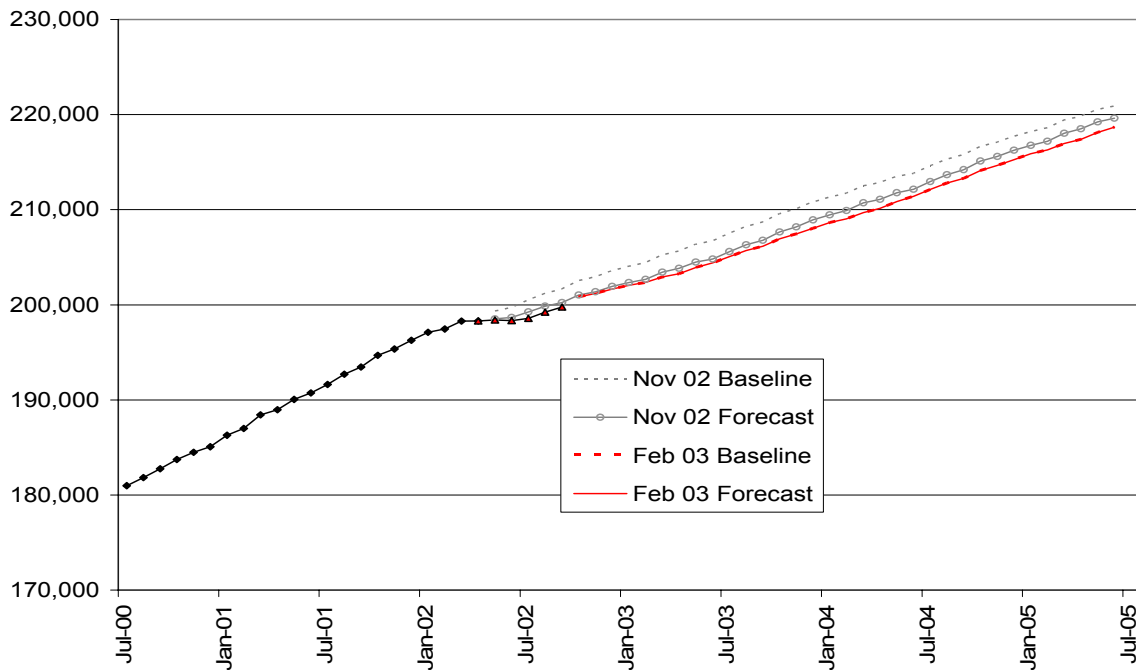
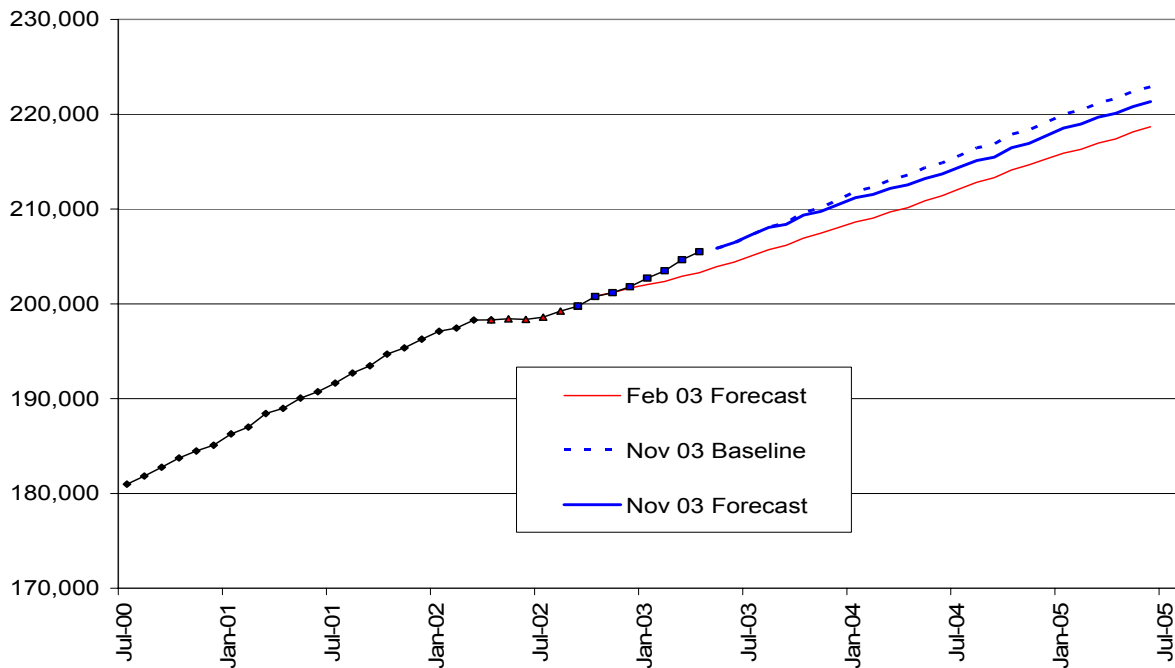


Figure 22 depicts the November 2003 forecast, which is higher than the February 2003 forecast, primarily due to an upward revision to the MN Blind/Disabled baseline trend. The November 2003 forecast is lower than the November 2003 baseline due to the addition of a number of policy changes described in more detail in the *Program Adjustments* section (COPEs Waiver Limit, Spousal Assets Limit, GA-U Proof of Disability).

**Figure 22. Aged, Blind, and Disabled Programs: November 2003 Forecast**



## FORECAST DETAILS

The seven forecasts that comprise the Aged, Blind, and Disabled category are described in more detail below.

**Table 22. Aged, Blind, and Disabled Programs: Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>CN</i>          |                            | <i>MN</i>          |                            | <i>Medicaid</i> |            |               | <i>Total</i> |
|-----------------|------------------------|--------------------|----------------------------|--------------------|----------------------------|-----------------|------------|---------------|--------------|
|                 |                        | <i>CN<br/>Aged</i> | <i>Blind/<br/>Disabled</i> | <i>MN<br/>Aged</i> | <i>Blind/<br/>Disabled</i> | <i>GA-U</i>     | <i>QMB</i> | <i>Buy-In</i> |              |
| <i>Actual</i>   | 2001                   | 51,808             | 107,152                    | 5,642              | 7,829                      | 8,844           | 4,584      | 0             | 185,859      |
|                 | 2002                   | 53,106             | 114,913                    | 6,047              | 8,563                      | 8,305           | 5,051      | 30            | 196,014      |
|                 | 2003*                  | 54,139             | 119,166                    | 6,570              | 9,762                      | 6,874           | 5,833      | 148           | 202,492      |
| <i>Forecast</i> | 2004                   | 54,942             | 123,218                    | 7,193              | 11,050                     | 7,349           | 6,601      | 289           | 210,642      |
|                 | 2005                   | 55,661             | 127,238                    | 7,833              | 12,313                     | 7,548           | 6,953      | 412           | 217,959      |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

### Categorically Needy Aged

The Categorically Needy Aged program provides medical assistance for persons age 65 and over with income and resources below federal Supplemental Security Income (SSI) limits. This program comprises 27 percent of the total Aged, Blind, and Disabled caseload.

The forecast model for the November 2003 forecast is the same model used in the November 2002 forecast, but the forecast was lowered by the average variance of actuals from forecast during the February 2003 forecast cycle. The forecast model is a seasonal autoregressive integrated moving average (ARIMA) model.

The forecast includes a program adjustment to account for the COPES Waiver Limit and Spousal Assets policy changes (see the *Program Adjustments* section for more detail). The caseload is projected to grow at a rate of over 1 percent per year for the FY2003-05 Biennium. The November 2003 forecast estimates an average monthly caseload of around 54,900 for FY2004, which is 0.6 percent lower than the February 2003 forecast and 1.3 percent lower than the November 2002 forecast.

### Categorically Needy Blind/Disabled

The Categorically Needy Blind/Disabled program provides medical assistance for persons meeting federal disability or sight loss criteria with income and resources below federal SSI limits. This program comprises around 59 percent of the Aged, Blind, and Disabled total caseload.

The forecast also includes a sub-forecast for the Breast and Cervical Cancer Treatment (BCCT) program, which averaged around 120 clients during FY2003. The November 2003 BCCT forecast was unchanged from the February 2003 forecast and 19 cases or 9

percent lower than the November 2002 forecast. The lower forecast reflects slightly lower entry rates than originally projected.

The November 2003 forecast for the total CN Blind/Disabled caseload estimates an average monthly caseload of around 123,000 for FY2004, which is 0.5 percent lower than the February 2003 forecast and 1.7 percent lower than the November 2002 forecast. The November 2003 CN Blind/Disabled caseload is projected to grow by around 3.4 percent per year for the 2003-2005 Biennium.

### Medically Needy Aged

The Medically Needy Aged program provides medical assistance to persons age 65 and over whose income and resources are too high for them to qualify as Categorically Needy. The Medically Needy Aged program comprises 3 percent of the Aged, Blind, and Disabled caseload. The baseline trend is a linear trend exponential smoothing model that projects a growth rate of around 7 percent per year for the 2003-05 Biennium.

The forecast also includes program adjustments for the Medically Needy Waiver and Spousal Assets policy changes (see the *Program Adjustments* section for more detail). Inclusion of these program changes, primarily the MN Waiver, raises the forecasted growth rate to around 9 percent per year. The November 2003 forecast projects an average monthly caseload of 7,200 for FY2004, which is 1.6 percent higher than the February 2003 forecast and 5.6 percent higher than the November 2002 forecast.

### Medically Needy Blind/Disabled

The Medically Needy Blind/Disabled program provides medical assistance to persons who meet federal disability or sight loss criteria and whose income and resources are too high for them to qualify as Categorically Needy. This program comprises close to 5 percent of the total Aged, Blind, and Disabled caseload.

The November 2003 forecast is a trended, seasonal exponential smoothing model. The forecast projects an average monthly caseload of around 11,050 for FY2004, which is 6.3 percent higher than the February 2003 forecast and 15.0 percent higher than the November 2002 forecast. The current forecast is higher than prior forecasts primarily due to the increasing cost of prescription drugs and recent federal outreach for Medicare Savings programs, which target the dual eligible population who can apply for Medicaid coverage to supplement their Medicare coverage. The caseload is projected to grow, on average, by around 12 percent per year for the 2003-05 Biennium.

### General Assistance-Unemployable

The General Assistance-Unemployable (GA-U) forecast consists of persons who are temporarily unemployable due to an injury or illness, and are eligible for limited medical coverage. This program accounts for 3 percent of the total Aged, Blind, and Disabled caseload.



The November 2003 forecast projects an average monthly caseload of over 7,300 for FY2004, which is 32 percent higher than the February 2003 forecast and 27 percent higher than the November 2002 forecast. The higher forecast is due to a reversal in the downward trend that occurred during the fall of 2002. This downward trend was based on the Department's efforts to insure appropriate eligibility for GA-U and GA-X, which resulted in reductions in the average length-of-stay on GA-U, and improved facilitation from GA-U to GA-X and eventually on to SSI. Prior forecasts were based on the assumption that these efforts would continue to lead to caseload reductions, but instead the caseload began to grow in October 2002 after 16 months of continued decline.

The November 2003 forecast is based on the GA-U grant forecast, which uses general assistance applications as a driver in the model. The forecast also includes a program adjustment to account for the GA-U Proof of Disability policy change, which places the burden of proof on the client to verify his or her mental or medical incapacity in order to continue to receive benefits. The total forecast including this policy change projects a growth rate of 6.9 percent from FY2003 to FY2004 and 2.7 percent from FY2004 to FY2005.

#### Qualified Medicare Beneficiary

The Qualified Medicare Beneficiary (QMB) program provides Medicare cost sharing for aged, blind, and disabled clients who are enrolled in or have applied for Medicare Part A. Income limits are based on 100 percent of the Federal Poverty Level (FPL), and DSHS pays for Medicare deductibles, coinsurance charges, and premiums. The QMB caseload accounts for close to 3 percent of the total Aged, Blind, and Disabled caseload.

The November 2003 forecast is a linear trend exponential smoothing model. The forecast projects an average monthly caseload of around 6,600 for FY2004, which is 12.5 percent higher than the February 2003 and 19.3 percent higher than the November 2002 forecasts. The higher forecast is primarily due to recent federal outreach for Medicare Savings programs, which target the dual eligible population who can apply for Medicaid coverage to supplement their Medicare coverage. The caseload is projected to grow by 13 percent from FY2003 to FY2004 due to outreach, then slow down to 5 percent from FY2004 to FY2005.

#### Categorically Needy Medicaid Buy-In

The 2001 Legislature passed Engrossed Substitute Senate Bill 6153, which established the Medicaid Buy-In program in Washington State. The Medicaid Buy-In program comes as a result of the enactment of the federal Ticket to Work and Work Incentives Improvement Act of 1999, which was designed to encourage persons with disabilities to become employed. The Medicaid Buy-In program allows working individuals with disabilities to receive Medicaid coverage.

The November 2003 forecast projects close to 300 eligibles for FY2004, which is unchanged from the February 2003 forecast and over 100 cases or 65 percent higher than the November 2002 forecast.

## OTHER PROGRAMS

The Other Programs category consists of two non-Medicaid programs: the Alcoholism & Drug Addiction Treatment Support Act (ADATSA) and Refugee caseloads. These caseloads comprise 1 percent of the total Medical Assistance caseload.

The Medically Indigent program was eliminated in July 2003. The November 2003 forecast was based on actuals through April 2003, so the termination of this program was not yet reflected in the data. For this reason, the following table depicts two forecasts: one including and the other excluding the Medically Indigent program.

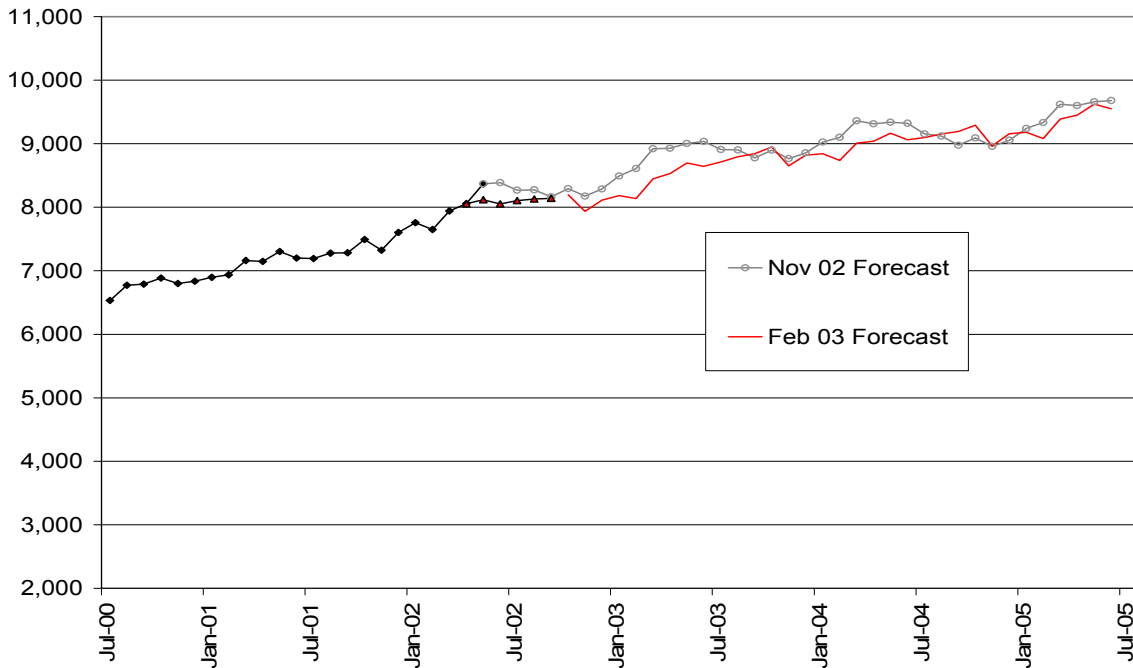
**Table 23. Other Programs**

|                 | <i>Including Medically Indigent</i> |                                 |               |                       | <i>Excluding Medically Indigent</i> |               |                       |
|-----------------|-------------------------------------|---------------------------------|---------------|-----------------------|-------------------------------------|---------------|-----------------------|
|                 | <i>Fiscal Year</i>                  | <i>Average Monthly Caseload</i> | <i>Change</i> | <i>Percent Change</i> | <i>Average Monthly Caseload</i>     | <i>Change</i> | <i>Percent Change</i> |
| <i>Actual</i>   | 2001                                | 6,938                           |               |                       |                                     |               |                       |
|                 | 2002                                | 7,645                           | 707           | 10.2%                 | 7,954                               | 57            | 1.3%                  |
|                 | 2003*                               | 8,180                           | 536           | 7.0%                  | 8,537                               | -122          | -2.8%                 |
| <i>Forecast</i> | 2004                                | 4,225                           | -3,955        | -48.4%                | 4,225                               | 42            | 1.0%                  |
|                 | 2005                                | 4,301                           | 76            | 1.8%                  | 4,301                               | 76            | 1.8%                  |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

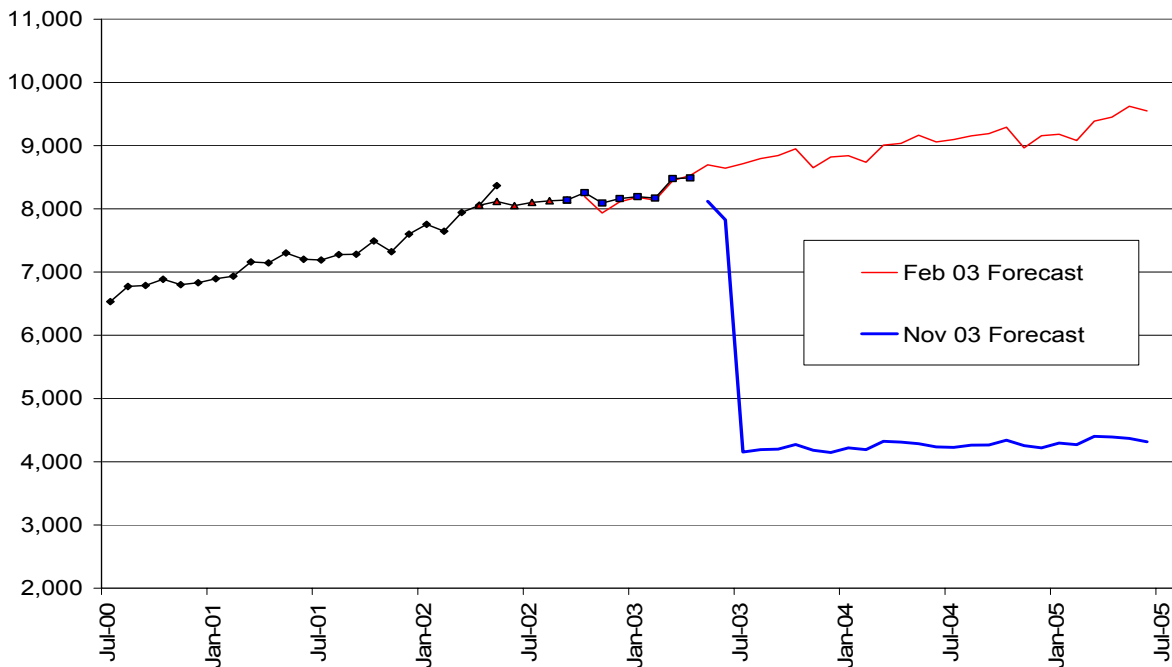
Figure 23 illustrates the changes from the November 2002 to the February 2003 forecast. The February 2003 forecast was lower due to downward revisions to both the ADATSA and Refugee forecasts.

**Figure 23. Other Programs: November 2002 and February 2003 Forecasts**



The November 2003 forecast for Other Programs estimates an average monthly caseload of 4,225 for FY2004, which is 53 percent lower than the February 2003 forecast and 52 percent lower than the November 2002 forecast. The lower forecast is due to the elimination of the Medically Indigent program in July 2003. The November 2003 forecast projects a growth rate of 1.8 percent from FY2004 to FY2005.

**Figure 24. Other Programs: November 2003 Forecast**



## FORECAST DETAILS

The following describes the two forecasts that comprise the Medical Assistance - Other Programs forecast in greater detail.

**Table 24. Other Programs: Average Monthly Caseload**

|                 | <i>Fiscal<br/>Year</i> | <i>ADATSA</i> | <i>Refugee</i> | <i>Total</i> |
|-----------------|------------------------|---------------|----------------|--------------|
| <i>Actual</i>   | 2001                   | 3,113         | 1,135          | 4,248        |
|                 | 2002                   | 3,372         | 934            | 4,306        |
|                 | 2003*                  | 3,514         | 669            | 4,183        |
| <i>Forecast</i> | 2004                   | 3,648         | 577            | 4,225        |
|                 | 2005                   | 3,785         | 516            | 4301         |

\*Forecasted values for May and June 2003 are used in the calculation of average actuals for FY2003.

### Alcohol and Drug Addiction Treatment Support Act

The Alcohol and Drug Addiction Treatment Support Act (ADATSA) medical forecast consists of persons incapacitated from drug or alcohol abuse who are eligible for limited medical coverage. The ADATSA caseload accounts for 84 percent of the total Other Programs caseload. The forecast model is a linear trend with a seasonality component to account for higher caseloads during the winter months.

The November 2003 forecast projects an average monthly caseload of around 3,600 for FY2004 which is unchanged from the February 2003 forecast and 7.4 percent higher than the November 2002 forecast. The caseload is projected to grow by 3.8 percent per year for the 2003-05 Biennium.

### Refugee

The Refugee program allows persons who have been granted asylum in the United States to receive Categorically Needy medical services. This caseload comprises 16 percent of the total Other Programs caseload. The forecast model is a linear trend with seasonal components to account for higher caseloads during the late summer and fall months.

The November 2003 forecast projects an average monthly caseload of close to 600 for FY2003, which is 34 percent lower than the February 2003 forecast and 44 percent lower than the November 2002 forecast. The caseload is projected to drop by 13.8 percent from FY2003 to FY2004 and by 10.6 percent from FY2004 to FY2005.



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